

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TIME INTERCONNECT TECHNOLOGY LIMITED

Introduction

We report on the historical financial information of Dejinchang Investment Limited (the **"Target Company"**) and its subsidiaries (together, the **"Target Group"**) set out on pages II-4 to II-68, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the **"Relevant Periods"**), the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the **"Historical Financial Information"**). The Historical Financial Information set out on pages II-4 to II-68 forms an integral part of this report, which has been prepared for inclusion in the circular of Time Interconnect Technology Limited (the **"Company"**) dated 21 November 2025 (the **"Circular"**) in connection with the proposed acquisition of 100% equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the

Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.



Ernst & Young
Certified Public Accountants
Hong Kong

21 November 2025

HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	5	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051
Cost of goods sold		<u>(2,149,899)</u>	<u>(2,384,646)</u>	<u>(3,185,412)</u>	<u>(1,506,121)</u>	<u>(1,437,838)</u>
Gross profit		164,098	147,662	145,456	76,731	103,213
Other income, net	5	21,006	23,559	33,721	16,846	16,376
Other operating income, net		6,579	2,234	10,419	2,219	7,684
Impairment losses on trade receivables	6	(895)	(3,364)	(1,037)	(519)	(9,446)
Selling and distribution expenses		(24,824)	(21,601)	(25,463)	(10,891)	(13,100)
Administrative expenses		(69,903)	(77,276)	(81,514)	(37,908)	(37,311)
Finance costs	7	<u>(29,336)</u>	<u>(28,123)</u>	<u>(36,976)</u>	<u>(17,768)</u>	<u>(16,455)</u>
PROFIT BEFORE TAX	6	66,725	43,091	44,606	28,710	50,961
Income tax expense	9	<u>(11,743)</u>	<u>(11,025)</u>	<u>(12,531)</u>	<u>(7,594)</u>	<u>(9,191)</u>
PROFIT FOR THE YEAR/PERIOD		<u>54,982</u>	<u>32,066</u>	<u>32,075</u>	<u>21,116</u>	<u>41,770</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
PROFIT FOR THE YEAR/PERIOD	<u>54,982</u>	<u>32,066</u>	<u>32,075</u>	<u>21,116</u>	<u>41,770</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations	<u>1,112</u>	<u>760</u>	<u>2,375</u>	<u>(14,825)</u>	<u>14,807</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	<u>1,112</u>	<u>760</u>	<u>2,375</u>	<u>(14,825)</u>	<u>14,807</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u><u>56,094</u></u>	<u><u>32,826</u></u>	<u><u>34,450</u></u>	<u><u>6,291</u></u>	<u><u>56,577</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December			30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	11	336,864	409,161	415,830	423,046
Investment properties	12	27,209	27,049	26,634	26,958
Right-of-use assets	13	57,528	53,649	62,555	60,411
Prepayments, deposits and other receivables	15	686	615	7	7
Other assets	22	11,250	11,250	11,250	–
Total non-current assets		433,537	501,724	516,276	510,422
CURRENT ASSETS					
Inventories	16	211,965	249,341	193,170	345,081
Trade and bills receivables	14	510,632	746,272	913,734	798,220
Prepayments, deposits and other receivables	15	129,663	154,295	92,204	107,564
Due from related companies	23	40,099	70,192	70,192	63,582
Financial assets at fair value through profit or loss	17	2,018	3,729	–	5,407
Tax recoverable		–	–	2,047	2,266
Restricted bank balances	18	595,502	395,447	610,927	481,852
Cash and cash equivalents	18	173,983	172,709	172,406	134,519
Total current assets		1,663,862	1,791,985	2,054,680	1,938,491
CURRENT LIABILITIES					
Trade and bills payables	19	1,015,696	1,162,550	1,247,728	1,171,355
Other payables and accruals	20	70,915	56,279	46,515	37,054
Due to the director	23	–	–	5,000	–
Due to related companies	23	46,153	51,968	47,683	236,192
Interest-bearing bank and other borrowings	21	610,986	559,256	768,236	759,012
Lease liabilities	13	1,532	1,795	2,699	2,534
Tax payable		6,674	3,941	5,717	7,207
Total current liabilities		1,751,956	1,835,789	2,123,578	2,213,354
NET CURRENT LIABILITIES		(88,094)	(43,804)	(68,898)	(274,863)
TOTAL ASSETS LESS CURRENT LIABILITIES		345,443	457,920	447,378	235,559

		31 December			30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	21	45,000	122,500	73,000	42,500
Lease liabilities	13	<u>7,284</u>	<u>4,435</u>	<u>13,943</u>	<u>12,724</u>
Total non-current liabilities		<u>52,284</u>	<u>126,935</u>	<u>86,943</u>	<u>55,224</u>
Net assets		<u>293,159</u>	<u>330,985</u>	<u>360,435</u>	<u>180,335</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	24	—*	—*	—*	918
Reserves	25	<u>293,159</u>	<u>320,350</u>	<u>360,435</u>	<u>179,417</u>
		293,159	320,350	360,435	180,335
Non-controlling interests		<u>—</u>	<u>10,635</u>	<u>—</u>	<u>—</u>
Total equity		<u>293,159</u>	<u>330,985</u>	<u>360,435</u>	<u>180,335</u>

* Less than RMB1,000

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i> <i>Note 25</i>	Surplus reserve <i>RMB'000</i> <i>Note 25</i>	Merger reserve <i>RMB'000</i> <i>Note 25</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
Year ended 31 December 2022									
At 1 January 2022	–*	665	25,009	70,054	(4,434)	145,771	237,065	–	237,065
Profit for the year	–	–	–	–	–	54,982	54,982	–	54,982
Other comprehensive income that may be reclassified to profit or loss in subsequent period: Exchange differences on translation of foreign operations	–	–	–	–	1,112	–	1,112	–	1,112
Total comprehensive income for the year	–	–	–	–	1,112	54,982	56,094	–	56,094
Transfer to surplus reserve	–	–	1,960	–	–	(1,960)	–	–	–
At 31 December 2022	<u>–*</u>	<u>665**</u>	<u>26,969**</u>	<u>70,054**</u>	<u>(3,322)**</u>	<u>198,793**</u>	<u>293,159</u>	<u>–</u>	<u>293,159</u>
Year ended 31 December 2023									
At 1 January 2023	–*	665	26,969	70,054	(3,322)	198,793	293,159	–	293,159
Profit for the year	–	–	–	–	–	32,066	32,066	–	32,066
Other comprehensive income that may be reclassified to profit or loss in subsequent period: Exchange differences on translation of foreign operations	–	–	–	–	760	–	760	–	760
Total comprehensive income for the year	–	–	–	–	760	32,066	32,826	–	32,826
Partial disposal of a subsidiary	–	(5,635)	–	–	–	–	(5,635)	10,635	5,000
Transfer to surplus reserve	–	–	2,783	–	–	(2,783)	–	–	–
At 31 December 2023	<u>–*</u>	<u>(4,970)**</u>	<u>29,752**</u>	<u>70,054**</u>	<u>(2,562)**</u>	<u>228,076**</u>	<u>320,350</u>	<u>10,635</u>	<u>330,985</u>

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i> <i>Note 25</i>	Surplus reserve <i>RMB'000</i> <i>Note 25</i>	Merger reserve <i>RMB'000</i> <i>Note 25</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
Year ended 31 December 2024									
At 1 January 2024	–*	(4,970)	29,752	70,054	(2,562)	228,076	320,350	10,635	330,985
Profit for the year	–	–	–	–	–	32,075	32,075	–	32,075
Other comprehensive income that may be reclassified to profit or loss in subsequent period: Exchange differences on translation of foreign operations	–	–	–	–	2,375	–	2,375	–	2,375
Total comprehensive income for the year	–	–	–	–	2,375	32,075	34,450	–	34,450
Acquisition of non-controlling interests	–	5,635	–	–	–	–	5,635	(10,635)	(5,000)
Transfer to surplus reserve	–	–	593	–	–	(593)	–	–	–
At 31 December 2024	<u>–*</u>	<u>665**</u>	<u>30,345**</u>	<u>70,054**</u>	<u>(187)**</u>	<u>259,558**</u>	<u>360,435</u>	<u>–</u>	<u>360,435</u>
Six months ended 30 June 2024									
At 1 January 2024	–*	(4,970)	29,752	70,054	(2,562)	228,076	320,350	10,635	330,985
Profit for the period (unaudited)	–	–	–	–	–	21,116	21,116	–	21,116
Other comprehensive loss that may be reclassified to profit or loss in subsequent period: Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	(14,825)	–	(14,825)	–	(14,825)
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	(14,825)	21,116	6,291	–	6,291
Transfer to surplus reserve (unaudited)	–	–	919	–	–	(919)	–	–	–
At 30 June 2024 (unaudited)	<u>–*</u>	<u>(4,970)**</u>	<u>30,671**</u>	<u>70,054**</u>	<u>(17,387)**</u>	<u>248,273**</u>	<u>326,641</u>	<u>10,635</u>	<u>337,276</u>

					Exchange		
	Notes	Share capital	Capital reserve	Surplus reserve	Merger reserve	fluctuation reserve	Retained profits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			Note 25	Note 25	Note 25		Total RMB'000
Six months ended 30 June 2025							
At 1 January 2025		–*	665	30,345	70,054	(187)	259,558
Profit for the period		–	–	–	–	–	41,770
Other comprehensive income that may be reclassified to profit or loss in subsequent period:							
Exchange differences on translation of foreign operations		–	–	–	–	14,807	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,807</u>	<u>14,807</u>
Total comprehensive income for the period		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,807</u>	<u>41,770</u>
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,807</u>	<u>56,577</u>
Effect of Target Group reorganisation		918	–	–	(203,041)	–	–
Dividend declared by a subsidiary	10	–	–	–	–	–	(34,554)
Transfer to surplus reserve		–	–	251	–	–	(251)
		<u>–</u>	<u>–</u>	<u>251</u>	<u>–</u>	<u>–</u>	<u>(251)</u>
At 30 June 2025		<u>918</u>	<u>665**</u>	<u>30,596**</u>	<u>(132,987)**</u>	<u>14,620**</u>	<u>266,523**</u>
		<u>918</u>	<u>665**</u>	<u>30,596**</u>	<u>(132,987)**</u>	<u>14,620**</u>	<u>266,523**</u>

* Less than RMB1,000

** These reserve accounts comprise the consolidated reserves of RMB293,159,000, RMB320,350,000, RMB360,435,000 and RMB179,417,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Six months ended 30 June	
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax:		66,725	43,091	44,606	28,710	50,961
Adjustments for:						
Finance costs	7	29,336	28,123	36,976	17,768	16,455
Interest income	5	(12,858)	(6,856)	(11,212)	(4,940)	(4,220)
Net fair value loss/(gain) on financial asset at fair value through profit or loss	6	6,037	(3,292)	5,138	7,875	(1,846)
Net loss/(gain) on disposal of items of property, plant and equipment	6	2,850	699	716	(13)	(83)
Depreciation of property, plant and equipment	6	31,982	33,386	45,412	20,356	20,294
Depreciation of right-of-use assets	6	3,785	3,948	5,229	1,403	2,307
Depreciation of investment properties	6	1,066	1,129	1,132	549	593
Impairment of trade receivables	6	895	3,364	1,037	519	9,446
		129,818	103,592	129,034	72,227	93,907
Decrease/(increase) in inventories		59,147	(35,216)	58,360	(51,320)	(147,709)
Decrease/(increase) in trade and bills receivables		279	(237,267)	(165,160)	(134,222)	111,543
Decrease/(increase) in prepayments, deposits and other receivables		(42,266)	(23,493)	62,090	90,127	(14,208)
Increase/(decrease) in trade and bills payables		351,116	145,226	84,492	(170,272)	(77,585)
Increase/(decrease) in other payables and accruals		17,999	(15,114)	(10,088)	(17,771)	(9,764)
Movement in balances with related companies		(13,612)	(24,278)	(4,285)	24,295	(2,568)
Increase/(decrease) in amount due to the director		—	—	5,000	—	(5,000)
Cash generated from/(used in) operations		502,481	(86,550)	159,443	(186,936)	(51,384)
Tax paid		(7,367)	(15,330)	(12,034)	(6,421)	(8,398)
Net cash flows from/(used in) operating activities		495,114	(101,880)	147,409	(193,357)	(59,782)

		Year ended 31 December			Six months ended 30 June	
	Notes	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		12,858	6,856	11,212	4,940	4,220
Net redemption from/(acquisition of) financial assets at fair value through profit or loss		(7,234)	1,581	(1,409)	(6,569)	(3,561)
Purchases of items of property, plant and equipment		(131,525)	(130,662)	(53,872)	(23,325)	(23,887)
Proceed from disposal of items of property, plant and equipment		2,945	26,338	2,425	205	555
Net withdrawal from/(placement of) restricted bank deposits		(360,110)	200,942	(214,640)	8,810	130,215
Proceed from partial disposal of a subsidiary		—	5,000	—	—	—
Proceed from disposal of the Excluded subsidiary		—	—	—	—	11,250
Acquisition of non-controlling interest		—	—	(5,000)	—	—
Net cash flows from/(used in) investing activities		(483,066)	110,055	(261,284)	(15,939)	118,792
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans	26(b)	1,335,114	993,911	1,329,652	661,970	855,858
Repayment of bank loans	26(b)	(1,278,113)	(972,798)	(1,175,200)	(508,126)	(903,635)
Principal portion of lease payments	26(b)	(1,948)	(2,655)	(3,732)	(1,099)	(1,542)
Interest paid		(29,336)	(28,123)	(36,976)	(17,768)	(16,455)
Dividend paid		—	—	—	—	(34,554)
Net cash flows from/(used in) financing activities		25,717	(9,665)	113,744	134,977	(100,328)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period		135,355	173,983	172,709	172,709	172,406
Effect of foreign exchange rate changes, net		863	216	(172)	(4,607)	3,431
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		173,983	172,709	172,406	93,783	134,519
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents	18	173,983	172,709	172,406	93,783	134,519

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited liability company incorporated in the British Virgin Island. The registered office of the Target Company is located at Aegis Chambers, 1st Floor, Ellen Skelton Building, 3076 Sir Francis Drake's Highway, Road Town, Torotola, VG1110, the British Virgin Island.

The Target Company is an investment holding company. During the Relevant Periods, the Target Company's subsidiaries were involved in the manufacturing and sale of copper wire.

The Target Company and its subsidiaries now comprising the Target Group underwent the Group Reorganisation (defined in note 2.1(a)).

As at the end of the Relevant Periods, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
Jin's Copper Industries Co., Limited (<i>note (a)</i>)	Hong Kong 5 March 2001	HK\$1,000,000	100	–	Investment holding
惠州市華晟電子線材有限公司 (Huizhou Huasheng Electronic Wire & Cable Co., Ltd) (<i>note (b)</i>)	Mainland China 27 March 2003	USD1,320,000	–	100	Manufacture and sale of copper wire
惠州德晉昌光電科技有限公司 (Huizhou Dejinchang Optoelectronics Technology Co., Ltd) (<i>note (b)</i>)	Mainland China 28 April 2001	USD12,200,000	–	100	Manufacture and sale of copper wire
吉安德晉昌光電科技有限公司 (Jian Dejinchang Optoelectronics Technology Co., Ltd) (<i>note (c)</i>)	Mainland China 4 June 2015	RMB10,000,000	–	100	Manufacture and sale of copper wire
惠州德晉昌新材料有限公司 (Huizhou Dejinchang New Materials Co., Ltd) (<i>note (g)</i>)	Mainland China 16 October 2018	RMB80,000,000	–	100	Manufacture and sale of copper wire
南通德晉昌光電科技有限公司 (Nantong Dejinchang Photoelectric Technology Co., Ltd) (<i>note (d)</i>)	Mainland China 6 November 2018	RMB50,000,000	–	100	Manufacture and sale of copper wire
南通臻弘鋁科技有限公司 (Nantong Zhenhongchang Technology Co., Ltd) (<i>note (g)</i>)	Mainland China 26 August 2020	RMB15,000,000	–	100	Manufacture and sale of copper wire
Dejinchang Optoelectronics Technology (Thailand) Co., Ltd. (<i>note (e)</i>)	Thailand 20 March 2007	THB460,000,000	99.999	0.001	Manufacture and sale of copper wire

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
DZC Optoelectronics Technology (Vietnam) Company Limited (<i>note (f)</i>)	Vietnam 14 November 2019	VND194,786,000,000	–	100	Manufacture and sale of copper wire
Deshengchang New Material (Thailand) Co., Ltd. (<i>note (e)</i>)	Thailand 9 December 2022	THB100,000,000	0.0003	99.9997	Manufacture and sale of copper wire

Notes:

- (a) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under HKFRS Accounting Standards were audited by Global Link CPA Limited, certified public accountants registered in Hong Kong.
- (b) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“**PRC GAAP**”) were audited by Huizhou Kanghai Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.
- (c) The statutory financial statements of the company for the year ended 31 December 2023 prepared under PRC GAAP were audited by Nanchang Zhonghong United Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.
- (d) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles (“**PRC GAAP**”) were audited by Nantong Dahui Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.
- (e) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared under Thai Financial Reporting Standard for Non-publicly Accountable Entities were audited by Pattaya Audit Co., Ltd, certified public accountants registered in Thailand.
- (f) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under Vietnamese Accounting Standards and Corporate Accounting System were audited by APS CPA Limited, certified public accountants registered in Vietnam.
- (g) No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

2.1 BASIS OF PRESENTATION

(a) Group reorganisation

Before the group reorganisation, the Target Company was wholly owned by Mr. Jin Zhenghua (the “**Controlling Shareholder**”).

In preparing for the Acquisition, the companies comprising the Target Group underwent a group reorganisation as described below (“**Group Reorganisation**”).

On 23 May 2025, the Controlling Shareholder transferred his entire equity interest in the Target Company to the Vendor. Upon the completion, the Target Company became a direct wholly-owned subsidiary of the Vendor.

On 10 June 2025, the Target Company acquired 54.55% equity interest in DJC Thailand (a subsidiary now comprising the Target Group) at a consideration of US\$26,150,000 (equivalent to approximately RMB187,197,000) from a related company which was wholly owned by the Controlling Shareholder. Upon the completion, DJC Thailand and its subsidiaries became indirect wholly-owned subsidiaries of the Target Company. As a result of the transaction, RMB127,987,000, being the difference between the share capital of DJC Thailand acquired (i.e. THB250,930,000, equivalent to approximately RMB59,210,000) and the respective consideration amounting to RMB187,197,000, was recognised in the merger reserve.

On 12 June 2025, Huizhou Huasheng, a company directly wholly owned by Jin's Copper and indirectly wholly owned by the Vendor, acquired the entire equity interest in Jian Optoelectronics (a subsidiary now comprising the Target Group) at a total consideration of RMB15,000,000 from the Controlling Shareholder. Upon the completion, Jian Optoelectronics became an indirect wholly-owned subsidiary of the Target Company. As a result of the transaction, RMB5,000,000, being the difference between the share capital of Jian Optoelectronics acquired (i.e. RMB10,000,000) and the respective consideration amounting to RMB15,000,000, was recognised in the merger reserve.

On 24 June 2025, the Vendor transferred its entire equity interest in Jin's Copper to the Target Company in exchange for 128,205 newly issued share, fully paid at a par value of US\$128,205 (equivalent to approximately RMB918,000), of the Target Company. Upon the completion, Jin's Copper and its subsidiaries became the wholly-owned subsidiaries of the Target Company.

As a part of the Reorganisation, during the Relevant Periods, Huizhou Optoelectronics disposed its 75% equity interest in a subsidiary (the "**Excluded Subsidiary**") to a related company controlled by the Controlling Shareholder at a consideration of RMB11,500,000. The disposal of Excluded Subsidiary was completed in June 2025.

Upon the completion of the Group Reorganisation, the Target Company became the holding company of the companies now comprising the Target Group on 24 June 2025. The companies now comprising the Target Group were under the common control of the Controlling Shareholder before and after the Group Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Group Reorganisation had been completed at the beginning of the Relevant Periods. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the companies now comprising the Target Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation.

The results, assets and liabilities of the Excluded Subsidiary has been excluded, as if the Group Reorganisation had been completed from 1 January 2022. The carrying amount of interests in the Excluded Subsidiaries of RMB11,250,000 had been recognised as "Other assets" since 1 January 2022.

All intra-group transactions and balances have been eliminated on combination.

(b) Going concern

At 30 June 2025, the Target Group had net current liabilities of RMB274,863,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Therefore, the Target Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Target Company have carefully assessed the Target Group's liquidity position by taking into account the following factors:

- (i) As at 30 June 2025, the Target Group had bank borrowings of RMB132,821,000 classified as current liabilities due to repayment on demand clause, of which RMB15,086,000 was repayable in forthcoming year based on repayment schedule set out in the loan agreements. The director of the Target Company is of the opinion that the bank will not exercise its rights to demand repayment within the next twelve months after the Relevant Periods;
- (ii) The Target Group has obtained the undertakings in writing from all the related parties for not to demand for repayment on the debt owing from the Target Group within next twelve months unless it has sufficient resource to repay and the director of the Target Company has given careful consideration to the future liquidity and performance of the Target Group and its available sources of finance in assessing whether the Target Group will have sufficient financial resources to fulfill its financial obligations for at least 12 months; and
- (iii) The Company has agreed to provide adequate funds for the Target Group to meet its financial liabilities as and when they fall due upon completion of the Acquisition.

The directors are therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and certain bills receivables at fair value through other comprehensive income, which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised HKFRSs Accounting Standards that have been issued but are not yet effective, in these financial statements. The Target Group intends to apply these new and revised HKFRSs Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

- ² Effective for annual periods beginning on or after 1 January 2026
³ Effective for annual/reporting periods beginning on or after 1 January 2027
⁴ No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised HKFRSs Accounting Standards upon initial application. So far, the Target Group has expected that these HKFRSs Accounting Standards will not have significant effect on the Target Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Target Group measures its financial assets at fair value through profit or loss and certain bills receivables at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Target Group;
 - (ii) has significant influence over the Target Group; or
 - (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Freehold land	Not depreciated
Buildings	5% – 20%
	33% or over the lease
Leasehold improvement	terms
Plant and machinery	10%
Furniture and fixtures and office equipment	10% – 20%
Motor vehicles	13% – 25%
Computer and office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. The Target Group has adopted the cost model under HKAS 40 to account for its investment properties and such properties are stated at cost less depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of investment properties over the estimated useful life of 20 years. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

As the Target Group adopts cost model for recognition and measurement of its properties, a transfer from owner-occupied properties to investment properties do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purpose.

Leases

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Group as a lessee

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Target Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for termination of a lease, if the lease term reflects the Target Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Target Group as a lessor

When the Target Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Target Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Target Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (debt instruments)

Upon initial recognition, the Target Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Target Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Target Group had not irrevocably elected to classify at fair value through other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and balances due to related companies and the director.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the company and the customer at contract inception. When the contract contains a financing component which provides the Target Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of goods

Revenue from the sales of goods is recognised at the point in time when the control of the goods is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Sales of scrap materials is recognised at the point in time when the control of the assets is transferred to the customer, generally on delivery of the scraps.

Processing fee income is recognised when the relevant service has been rendered.

Other employee benefits

Pension schemes

The employees of the Target Group's subsidiaries which operate in Mainland China are required to participate in central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Target Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam in accordance with the Vietnam social and health insurance laws. The Target Company contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees.

Dividends

Final and special dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Target Group's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Target Group's presentation currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on

change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Target Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Target Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Target Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Target Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about ECLs. The Target Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Target Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss. Further details of the trade and bills receivables are given in note 14 to the financial statements.

Impairment of non-financial assets

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Target Group has only one reportable operating segment, which is the manufacture and sale of copper wires during the Relevant Periods.

Geographical information

(i) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Mainland China	1,295,144	1,530,994	1,840,310	949,869	394,214
Thailand	294,348	194,548	457,634	170,850	312,240
Vietnam	177,518	382,594	497,306	231,595	381,362
United States of America	108,862	83,565	209,408	68,279	284,402
Japan	223,281	242,592	246,994	117,423	135,737
Malaysia	178,952	62,995	71,788	43,835	31,661
Other countries/regions	35,892	35,020	7,428	1,001	1,435
Total revenue	<u>2,313,997</u>	<u>2,532,308</u>	<u>3,330,868</u>	<u>1,582,852</u>	<u>1,541,051</u>

(ii) Non-current assets

	As at 31 December			As at
	2022	2023	2024	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	315,640	385,472	381,596	360,468
Thailand	83,754	84,055	95,695	119,378
Vietnam	22,893	20,947	27,735	30,576
Total non-current assets	<u>422,287</u>	<u>490,474</u>	<u>505,026</u>	<u>510,422</u>

The non-current asset information above is based on locations of the assets and excludes other assets.

Information about major customers

Revenue from customers individually contributing over 10% to the total revenue of the Target Group during the Relevant Periods is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	624,773	1,049,550	937,833	548,613	—*
Customer B	415,061	320,316	412,993	—*	246,746
Customer C	—*	285,990	391,592	—*	212,388

* These customers individually contributed less than 10% of the total revenue of the Target Group during the Relevant Periods.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods or services					
<i>Sale of copper wire</i>	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051
Timing of revenue recognition					
<i>At a point in time</i>	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051

(ii) Performance obligations

Information about the Target Group's performance obligations is summarised below:

Sale of copper wires

The performance obligation is satisfied at a point in time upon delivery of goods to customers and payment is generally due within 30 to 120 days from the date of billing.

An analysis of other income, net is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Rental income from investment properties	4,256	5,874	6,683	3,162	4,071
Government grants*	596	1,110	11,076	2,659	272
Bank interest income	12,858	6,856	11,212	4,940	4,220
Dividend income from the Excluded Subsidiary	—	—	—	—	1,590
Sales of scrap materials	2,647	7,412	1,570	4,523	3,862
Processing fee income	408	1,785	2,470	1,346	1,251
Others	241	522	710	216	1,110
	<u>21,006</u>	<u>23,559</u>	<u>33,721</u>	<u>16,846</u>	<u>16,376</u>

* Various government grants have been received from local governments. Balances mainly represented industrial subsidies provided by local governments. As at the end of Relevant Periods, there were no unfulfilled conditions and other contingencies attaching to the government grants that had been recognised by the Target Group.

6. PROFIT BEFORE TAX

The Target Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Cost of inventories sold	2,143,862	2,387,938	3,180,274	1,498,246	1,439,684
Net loss/(gain) on financial assets at fair value through profit or loss	6,037	(3,292)	5,138	7,875	(1,846)
Depreciation of property, plant and equipment (<i>note 11</i>)	31,982	33,386	45,412	20,356	20,294
Depreciation of investment properties (<i>note 12</i>)	1,066	1,129	1,132	549	593
Depreciation of right-of-use assets (<i>note 13</i>)	3,785	3,948	5,229	1,403	2,307
Loss/(gain) on disposal of items of property, plant and equipment*	2,850	699	716	(13)	(83)
Employee benefit expense (including director's remuneration (<i>note 8</i>)): Salaries, allowances and benefits in kind	107,295	119,905	114,208	55,910	55,484
Foreign exchange difference, net*	(9,429)	(2,933)	(11,135)	2,206	(7,206)
Auditor's remuneration	149	169	163	82	229
Impairment losses on trade receivables	895	3,364	1,037	519	9,446

* These items are included in "other operating income, net" on the face of the consolidated statements of profit or loss.

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest on bank and other borrowings	29,099	27,755	36,677	17,623	16,046
Interest on lease liabilities	237	368	299	145	409
Total	29,336	28,123	36,976	17,768	16,455

8. DIRECTOR'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	720	720	720	420	240
Total	720	720	720	420	240

Five highest paid employees

The five highest paid employees during the Relevant Periods included 1 director. Details of the remuneration of the remaining non-director, highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	1,980	1,862	1,714	1,048	1,089

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Nil to RMB400,000	2	2	1	4	4
RMB400,001 to RMB500,000	—	1	2	—	—
RMB500,001 to RMB600,000	1	1	1	—	—
RMB600,001 to RMB700,000	1	—	—	—	—
Total	4	4	4	4	4

Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year or after the year end.

9. INCOME TAX

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Target Group which operate in Mainland China were subject to Corporate Income Tax ("CIT") at the rate of 25% on the taxable profit for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2024 and 2025, except for a subsidiary of the Target Group

operating in Mainland China which was subject to CIT at the rate of 15% as qualified high and new technology enterprises and entitled to deduction of qualifying research and development expenses from taxable profit during the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2024 and 2025.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current	11,322	11,798	11,814	6,877	9,191
Underprovision/(overprovision) in prior years/periods	421	(773)	717	717	—
Total tax charge for the year/ period	<u>11,743</u>	<u>11,025</u>	<u>12,531</u>	<u>7,594</u>	<u>9,191</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Target Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before tax	66,725	43,091	44,606	28,710	50,961
Tax at the statutory tax rates	14,092	8,950	8,740	5,739	9,570
Effect of preferential tax rates	(3,963)	(3,031)	(1,787)	(2,406)	(6,352)
Adjustments in respect of current tax of previous years/periods	421	(773)	717	717	—
Expenses not deductible tax	1,849	4,356	2,125	1,952	4,079
Tax losses not recognised	1,242	2,775	2,721	1,862	1,338
Tax loss utilised from previous years/periods	—	—	(167)	(177)	(293)
Others	(1,898)	(1,252)	182	(93)	849
Total tax charge	<u>11,743</u>	<u>11,025</u>	<u>12,531</u>	<u>7,594</u>	<u>9,191</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group has tax losses arising in Mainland China of RMB9,720,000, RMB20,316,000, RMB30,681,000, RMB34,812,000, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as, in the opinion of the directors, it is uncertain whether sufficient future taxable profits will be available against which the tax losses can be utilised.

10. DIVIDENDS

On 6 May 2025, Jian Dejinchang Optoelectronic Technology Co., Ltd (“**Jian Optoelectronics**”), a subsidiary of the Target Group, declared dividends of RMB34,554,000 to its then shareholders. No dividend was paid or proposed by the Target Company during the Relevant Periods.

11. PROPERTY, PLANT AND EQUIPMENT

31 December 2022

	Land and building <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022							
Cost	125,538	9,244	247,811	34,205	6,291	6,927	430,016
Accumulated depreciation	(33,136)	(2,293)	(130,396)	(20,227)	(3,950)	–	(190,002)
Net carrying amount	<u>92,402</u>	<u>6,951</u>	<u>117,415</u>	<u>13,978</u>	<u>2,341</u>	<u>6,927</u>	<u>240,014</u>
At 1 January 2022, net of accumulated depreciation	92,402	6,951	117,415	13,978	2,341	6,927	240,014
Additions	2,141	1,202	29,587	5,480	18	93,097	131,525
Disposals	–	–	(5,785)	(10)	–	–	(5,795)
Depreciation provided during the year	(5,905)	(3,690)	(15,412)	(6,154)	(821)	–	(31,982)
Transfers	551	379	2,660	–	–	(3,590)	–
Exchange realignment	<u>1,320</u>	<u>298</u>	<u>1,289</u>	<u>144</u>	<u>16</u>	<u>35</u>	<u>3,102</u>
At 31 December 2022, net of accumulated depreciation	<u>90,509</u>	<u>5,140</u>	<u>129,754</u>	<u>13,438</u>	<u>1,554</u>	<u>96,469</u>	<u>336,864</u>
At 31 December 2022							
Cost	130,915	11,134	274,171	40,137	6,381	96,469	559,207
Accumulated depreciation	<u>(40,406)</u>	<u>(5,994)</u>	<u>(144,417)</u>	<u>(26,699)</u>	<u>(4,827)</u>	<u>–</u>	<u>(222,343)</u>
Net carrying amount	<u>90,509</u>	<u>5,140</u>	<u>129,754</u>	<u>13,438</u>	<u>1,554</u>	<u>96,469</u>	<u>336,864</u>

31 December 2023

	Land and building <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023							
Cost	130,915	11,134	274,171	40,137	6,381	96,469	559,207
Accumulated depreciation	<u>(40,406)</u>	<u>(5,994)</u>	<u>(144,417)</u>	<u>(26,699)</u>	<u>(4,827)</u>	<u>–</u>	<u>(222,343)</u>
Net carrying amount	<u>90,509</u>	<u>5,140</u>	<u>129,754</u>	<u>13,438</u>	<u>1,554</u>	<u>96,469</u>	<u>336,864</u>
At 1 January 2023, net of accumulated depreciation	90,509	5,140	129,754	13,438	1,554	96,469	336,864
Additions	926	3,942	52,118	4,626	1,303	67,747	130,662
Disposals	–	–	(26,769)	(127)	(141)	–	(27,037)
Depreciation provided during the year	(7,851)	(2,347)	(17,422)	(5,058)	(708)	–	(33,386)
Transfers	144,544	–	3,179	–	–	(147,723)	–
Exchange realignment	<u>1,124</u>	<u>4</u>	<u>777</u>	<u>124</u>	<u>9</u>	<u>20</u>	<u>2,058</u>
At 31 December 2023, net of accumulated depreciation	<u>229,252</u>	<u>6,739</u>	<u>141,637</u>	<u>13,003</u>	<u>2,017</u>	<u>16,513</u>	<u>409,161</u>
At 31 December 2023							
Cost	278,764	15,090	281,356	41,309	6,865	16,513	639,897
Accumulated depreciation	<u>(49,512)</u>	<u>(8,351)</u>	<u>(139,719)</u>	<u>(28,306)</u>	<u>(4,848)</u>	<u>–</u>	<u>(230,736)</u>
Net carrying amount	<u>229,252</u>	<u>6,739</u>	<u>141,637</u>	<u>13,003</u>	<u>2,017</u>	<u>16,513</u>	<u>409,161</u>

31 December 2024

	Land and building <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024							
Cost	278,764	15,090	281,356	41,309	6,865	16,513	639,897
Accumulated depreciation	<u>(49,512)</u>	<u>(8,351)</u>	<u>(139,719)</u>	<u>(28,306)</u>	<u>(4,848)</u>	<u>–</u>	<u>(230,736)</u>
Net carrying amount	<u>229,252</u>	<u>6,739</u>	<u>141,637</u>	<u>13,003</u>	<u>2,017</u>	<u>16,513</u>	<u>409,161</u>
At 1 January 2024, net of accumulated depreciation	229,252	6,739	141,637	13,003	2,017	16,513	409,161
Additions	288	1,601	25,260	5,449	61	21,213	53,872
Disposals	–	–	(2,820)	(61)	(260)	–	(3,141)
Depreciation provided during the year	(12,972)	(7,168)	(19,726)	(5,046)	(500)	–	(45,412)
Transfers	933	10,924	451	20,221	–	(32,529)	–
Exchange realignment	<u>731</u>	<u>–</u>	<u>448</u>	<u>140</u>	<u>(10)</u>	<u>41</u>	<u>1,350</u>
At 31 December 2024, net of accumulated depreciation	<u>218,232</u>	<u>12,096</u>	<u>145,250</u>	<u>33,706</u>	<u>1,308</u>	<u>5,238</u>	<u>415,830</u>
At 31 December 2024							
Cost	281,884	27,624	301,214	64,812	6,370	5,238	687,142
Accumulated depreciation	<u>(63,652)</u>	<u>(15,528)</u>	<u>(155,964)</u>	<u>(31,106)</u>	<u>(5,062)</u>	<u>–</u>	<u>(271,312)</u>
Net carrying amount	<u>218,232</u>	<u>12,096</u>	<u>145,250</u>	<u>33,706</u>	<u>1,308</u>	<u>5,238</u>	<u>415,830</u>

30 June 2025

	Land and building <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixtures and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025							
Cost	281,884	27,624	301,214	64,812	6,370	5,238	687,142
Accumulated depreciation	(63,652)	(15,528)	(155,964)	(31,106)	(5,062)	–	(271,312)
Net carrying amount	<u>218,232</u>	<u>12,096</u>	<u>145,250</u>	<u>33,706</u>	<u>1,308</u>	<u>5,238</u>	<u>415,830</u>
At 1 January 2025, net of accumulated depreciation	218,232	12,096	145,250	33,706	1,308	5,238	415,830
Additions	–	803	16,646	2,219	815	3,404	23,887
Disposals	–	–	(75)	(284)	(113)	–	(472)
Depreciation provided during the period	(6,439)	(1,937)	(9,481)	(2,284)	(153)	–	(20,294)
Transfers	–	8,680	–	59	–	(8,739)	–
Exchange realignment	974	89	2,604	331	–	97	4,095
At 30 June 2025, net of accumulated depreciation	<u>212,767</u>	<u>19,731</u>	<u>154,944</u>	<u>33,747</u>	<u>1,857</u>	<u>–</u>	<u>423,046</u>
At 30 June 2025							
Cost	284,356	37,213	323,521	67,036	6,182	–	718,308
Accumulated depreciation	(71,589)	(17,482)	(168,577)	(33,289)	(4,325)	–	(295,262)
Net carrying amount	<u>212,767</u>	<u>19,731</u>	<u>154,944</u>	<u>33,747</u>	<u>1,857</u>	<u>–</u>	<u>423,046</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group's land and building and plant and machinery with an aggregate carrying amount of approximately RMB111,879,000, RMB105,109,000, RMB100,173,000 and RMB94,627,000, respectively, were pledged to secure bank loans granted to the Target Group.

12. INVESTMENT PROPERTIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	27,189	27,209	27,049	26,634
Depreciation provided during the year/period	(1,066)	(1,129)	(1,132)	(593)
Exchange realignment	<u>1,086</u>	<u>969</u>	<u>717</u>	<u>917</u>
At end of year/period	<u>27,209</u>	<u>27,049</u>	<u>26,634</u>	<u>26,958</u>

The Target Group's investment properties consist of two industrial properties and five residential properties situated in Thailand. Management has determined that the investment properties constitute two classes of assets, based on the nature, characteristics and risks of each property. These investment properties are stated at cost less accumulated depreciation and any impairment losses.

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group's investment properties with an aggregate carrying amount of approximately RMB18,359,000, RMB18,399,000, RMB18,275,000 and RMB18,582,000, respectively, were pledged to secure bank loans granted to the Target Group.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the investment properties were valued at RMB57,225,000, RMB57,902,000, RMB60,166,000 and RMB62,471,000, respectively, based on the valuation performed by the director of the Target Company.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 13 to the financial statements.

13. LEASES

The Target Group as a lessee

The Target Group has lease contracts for various items of prepaid land lease payments and buildings used in its operations. Prepaid land lease payments have lease terms of 50 years. Leases of building generally have lease term of 2 to 10 years. Generally, the Target Group is restricted from assigning and subleasing the leased assets outside the Target Group.

(a) *Right-of-use assets*

The carrying amounts of the Target Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Prepaid land lease payments <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	51,225	1,996	53,221
Additions	–	8,008	8,008
Depreciation charge	(1,065)	(2,720)	(3,785)
Exchange realignment	<u>–</u>	<u>84</u>	<u>84</u>
As at 31 December 2022 and 1 January 2023	50,160	7,368	57,528
Depreciation charge	(1,065)	(2,883)	(3,948)
Exchange realignment	<u>–</u>	<u>69</u>	<u>69</u>
As at 31 December 2023 and 1 January 2024	49,095	4,554	53,649
Additions	–	14,401	14,401
Depreciation charge	(1,065)	(4,164)	(5,229)
Exchange realignment	<u>–</u>	<u>(266)</u>	<u>(266)</u>
As at 31 December 2024 and 1 January 2025	48,030	14,525	62,555
Depreciation charge	(533)	(1,774)	(2,307)
Exchange realignment	<u>–</u>	<u>163</u>	<u>163</u>
At 30 June 2025	<u><u>47,497</u></u>	<u><u>12,914</u></u>	<u><u>60,411</u></u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB50,160,000, RMB49,095,000, RMB48,030,000 and RMB47,497,000, respectively, were pledged to secure bank loans granted to the Target Group.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	<i>RMB'000</i>
Carrying amount at 1 January 2022	2,677
Addition	8,008
Accretion of interest	237
Payments	(2,185)
Exchange realignment	<u>79</u>
Carrying amount at 31 December 2022 and 1 January 2023	8,816
Accretion of interest	368
Payments	(3,023)
Exchange realignment	<u>69</u>
Carrying amount at 31 December 2023 and 1 January 2024	6,230
Addition	14,401
Accretion of interest	299
Payments	(4,031)
Exchange realignment	<u>(257)</u>
Carrying amount at 31 December 2024 and 1 January 2025	16,642
Accretion of interest	409
Payments	(1,951)
Exchange realignment	<u>158</u>
Carrying amount at 30 June 2025	<u><u>15,258</u></u>

Analysed into:

	As at 31 December			As at
	2022	2023	2024	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion	1,532	1,795	2,699	2,534
Non-current portion	<u>7,284</u>	<u>4,435</u>	<u>13,943</u>	<u>12,724</u>

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000 (unaudited)	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2025 RMB'000
Depreciation charge of right-of use asset	3,785	3,948	5,229	1,403	2,307
Interest on lease liabilities	237	368	299	145	409
Total amount recognised in profit or loss	4,022	4,316	5,528	1,548	2,716

The Target Group as a lessor

The Target Group leases its investment properties (note 12) consisting of two industrial properties and five residential properties situated in Thailand under operating lease arrangements. The term of the leases generally requires the tenant to pay periodic rent. Rental income recognised by the Target Group during six months period ended 30 June 2025 was RMB4,071,000 (year ended 31 December 2024: RMB6,683,000; year ended 31 December 2023: RMB5,874,000; year ended 31 December 2022: RMB4,256,000), details of which are included in note 5 to the financial statements.

The undiscounted lease payments receivable by the Target Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			As at 30 June
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within one year	2,221	2,038	4,556	4,697
After one year but within two years	282	–	4,359	3,867
After two years but within three years	–	–	2,639	1,605
After three years but within four years	–	–	1,026	1,062
After four years but within five years	–	–	598	88
Total	2,503	2,038	13,178	11,319

14. TRADE AND BILL RECEIVABLES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables, at amortised cost	401,208	736,530	758,589	746,076
Less: impairment of trade receivables	(2,517)	(5,665)	(6,702)	(6,023)
Subtotal	<u>398,691</u>	<u>730,865</u>	<u>751,887</u>	<u>740,053</u>
Bills receivables, at amortised cost	111,738	13,486	125,481	57,363
Bills receivables, at fair value through other comprehensive income ("FVOCI")	<u>203</u>	<u>1,921</u>	<u>36,366</u>	<u>804</u>
Total	<u>510,632</u>	<u>746,272</u>	<u>913,734</u>	<u>798,220</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in the Target Group's trade receivables are amounts due from related companies of RMB247,000, RMB10,115,000, Nil and RMB3,944,000, respectively, which are repayable on terms similar to those offered to the major customers of the Target Group.

The Target Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days, extending up to 120 days for major customers. Each customer has a maximum credit limit. The Target Group seeks to maintain strict credit control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that Target Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Target Group does not hold any collateral or other credit enhancements over these trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables as at the end of the relevant period, based on the invoice date and net of impairment is as follow:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 month	204,526	514,250	516,725	502,881
1 to 3 months	171,775	191,275	207,574	211,916
Over 3 months	<u>22,390</u>	<u>25,340</u>	<u>27,588</u>	<u>25,256</u>
	<u>398,691</u>	<u>730,865</u>	<u>751,887</u>	<u>740,053</u>

The movements in impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,853	2,517	5,665	6,702
Impairment of trade receivables	895	3,364	1,037	9,446
Amount written off	(231)	(216)	–	(10,125)
At end of year/period	<u>2,517</u>	<u>5,665</u>	<u>6,702</u>	<u>6,023</u>

An impairment analysis is performed at the end of each relevant date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

As at 31 December 2022

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate (%)	0.01%	0.25%	1.26%	22.51%	0.63%
Gross carrying amount (RMB'000)	317,786	36,530	38,452	8,440	401,208
Expected credit losses (RMB'000)	42	90	485	1,900	2,517

As at 31 December 2023

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate (%)	0.05%	1.19%	3.54%	29.16%	0.77%
Gross carrying amount (RMB'000)	656,285	42,920	23,645	13,680	736,530
Expected credit losses (RMB'000)	330	510	836	3,989	5,665

As at 31 December 2024

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate (%)	0.06%	1.62%	4.67%	32.04%	0.88%
Gross carrying amount (RMB'000)	633,603	86,097	27,596	11,293	758,589
Expected credit losses (RMB'000)	398	1,396	1,290	3,618	6,702

As at 30 June 2025

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
Expected credit loss rate (%)	0.04%	0.70%	3.15%	22.16%	0.81%
Gross carrying amount (RMB'000)	603,413	92,650	31,320	18,693	746,076
Expected credit losses (RMB'000)	241	651	988	4,143	6,023

As at 31 December 2023, 2024 and 30 June 2025, certain of the Target Group's trade receivables with an aggregate carrying amount of approximately RMB34,157,000, RMB54,477,000 and RMB62,865,000, respectively, were pledged to secure bank loans granted to the Target Group.

The Target Group has applied the general approach to provide for expected credit losses for bills receivables at amortised cost under HKFRS 9. Bills receivables at amortised cost had no historical default and past due amounts. The loss allowance of bills receivables was assessed to be minimal at the end of each of the Relevant Periods.

As part of the Target Group's cash flow and risk management, the Target Group has the practice of endorsing and factoring certain bills receivable to financial institutions before the receivables are due for repayment. The endorsed and factored bills receivable are derecognised on the basis that the Target Group has transferred substantially all the risks and rewards to the relevant counterparties. Accordingly, such bills receivable were under a business model which is held to collect contractual cash flows and to sell, and had been classified as financial assets at fair value through other comprehensive income.

As at the end of each of the Relevant Periods, the Target Group does not hold any collateral over the bill receivables at FVOCI. There is no history of default or past due with the relevant counterparties. The Target Group estimated that the expected loss rate for bill receivables at FVOCI is minimal during the Relevant Periods.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Prepayments	91,930	121,727	61,467	62,750
Deposits and other receivables	<u>38,419</u>	<u>33,183</u>	<u>30,744</u>	<u>44,821</u>
Total	130,349	154,910	92,211	107,571
Less: Non-current portion	<u>(686)</u>	<u>(615)</u>	<u>(7)</u>	<u>(7)</u>
Current portion	<u><u>129,663</u></u>	<u><u>154,295</u></u>	<u><u>92,204</u></u>	<u><u>107,564</u></u>

These financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the loss allowance was assessed to be minimal.

16. INVENTORIES

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Raw materials	64,817	88,637	61,421	104,830
Work in progress	43,223	40,263	48,385	92,600
Finished goods	<u>103,925</u>	<u>120,441</u>	<u>83,364</u>	<u>147,651</u>
Total	<u><u>211,965</u></u>	<u><u>249,341</u></u>	<u><u>193,170</u></u>	<u><u>345,081</u></u>

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Copper futures	<u>2,018</u>	<u>3,729</u>	<u>—</u>	<u>5,407</u>

The Target Group had an aggregate open position of copper futures with a positive contract value of RMB2,018,000, RMB3,729,000, Nil and RMB5,407,000 as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively, which has been recognised as financial assets at fair value through profit or loss.

18. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Cash and bank balances	<u>769,485</u>	<u>568,156</u>	<u>783,333</u>	<u>616,371</u>
Less: restricted bank balances*	<u>(595,502)</u>	<u>(395,447)</u>	<u>(610,927)</u>	<u>(481,852)</u>
Cash and cash equivalents	<u><u>173,983</u></u>	<u><u>172,709</u></u>	<u><u>172,406</u></u>	<u><u>134,519</u></u>

* The Target Group's restricted bank balances as at 31 December 2022, 2023, 2024 and 30 June 2025 included bank balances of RMB595,502,000, RMB395,447,000, RMB610,927,000 and RMB481,852,000, respectively, placed at banks as collaterals for bills issued and bank loans drawn by the Target Group.

At the end of the reporting period, the above balances include cash and bank balances denominated in Renminbi ("RMB") of RMB713,192,000, RMB514,961,000, RMB727,589,000 and RMB536,124,000 and Vietnamese Dong ("VND") of RMB301,000, RMB561,000, RMB783,000 and RMB727,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

VND is not freely convertible into other currencies. However, under the Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Target Group is permitted to exchange VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

19. TRADE AND BILLS PAYABLES

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade payables	54,683	191,182	64,475	135,537
Bills payables	<u>961,013</u>	<u>971,368</u>	<u>1,183,253</u>	<u>1,035,818</u>
Total	<u><u>1,015,696</u></u>	<u><u>1,162,550</u></u>	<u><u>1,247,728</u></u>	<u><u>1,171,355</u></u>

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 month	191,596	322,424	237,590	244,260
1 to 3 months	191,976	373,955	275,090	360,724
Over 3 months	<u>632,124</u>	<u>466,171</u>	<u>735,048</u>	<u>566,371</u>
Total	<u>1,015,696</u>	<u>1,162,550</u>	<u>1,247,728</u>	<u>1,171,355</u>

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in the Target Group's trade and bills payables are amounts due to related companies of RMB13,771,000, RMB16,978,000, RMB12,256,000 and RMB1,427,000, respectively, which have terms similar to those offered by the related companies to their major customers.

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

20. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Accruals	35,802	34,152	33,619	23,712
Other payables	<u>35,113</u>	<u>22,127</u>	<u>12,896</u>	<u>13,342</u>
Total	<u>70,915</u>	<u>56,279</u>	<u>46,515</u>	<u>37,054</u>

Other payables are non-interest-bearing and have an average term of three months.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2022

	Effective interest rate (%)	Maturity	RMB'000
Current:			
Bank loans – secured	2.95% – 8.50%	2023 or on demand	460,413
Discounted bills	1.19% – 2.10%	2023	<u>150,573</u>
Total – current			<u>610,986</u>
Non-current:			
Bank loans – secured	4.50%	2024 – 2027	<u>45,000</u>

As at 31 December 2023

	Effective interest rate (%)	Maturity	RMB'000
Current:			
Bank loans – secured	2.24% – 7.64%	2024 or on demand	552,417
Discounted bills	1.40% – 1.84%	2024	<u>6,839</u>
Total – current			<u><u>559,256</u></u>
Non-current:			
Bank loans – secured	3.60% – 4.35%	2025 – 2027	<u><u>122,500</u></u>

As at 31 December 2024

	Effective interest rate (%)	Maturity	RMB'000
Current:			
Bank loans – secured	3.00% – 6.77%	2025 or on demand	674,321
Discounted bills	0.59% – 1.73%	2025	<u>93,915</u>
Total – current			<u><u>768,236</u></u>
Non-current:			
Bank loans – secured	3.80% – 4.35%	2026 – 2027	<u><u>73,000</u></u>

As at 30 June 2025

	Effective interest rate (%)	Maturity	RMB'000
Current:			
Bank loans – secured	2.50% – 6.57%	2025 – 2026 or on demand	708,125
Discounted bills	1.03% – 2.27%	2025 – 2026	<u>50,887</u>
Total – current			<u><u>759,012</u></u>
Non-current:			
Bank loans – secured	3.85%	2026 – 2027	<u><u>42,500</u></u>

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	460,413	552,417	674,321	708,125
In the second year	1,000	29,500	31,000	1,000
In the third to fifth years	44,000	93,000	42,000	41,500
Subtotal	505,413	674,917	747,321	750,625
Discounted bills repayable:				
Within one year	150,573	6,839	93,915	50,887
Total	655,986	681,756	841,236	801,512

Notes:

- (a) The bank and other borrowings were denominated in RMB, USD, Thai baht (“**THB**”) and VND at the end of the Relevant Periods.
- (b) As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group’s bank loans are secured by:
- (i) the corporate guarantees from certain of the Target Group’s subsidiaries;
 - (ii) the personal guarantees from the sole director of the Target Company and certain directors of the Target Group’s subsidiaries;
 - (iii) pledge of the sole director's certain personal real estate properties;
 - (iv) the pledge of prepaid land lease payments under right-of-use assets of the Target Group with an aggregate carrying amount of approximately RMB50,160,000, RMB49,095,000, RMB48,030,000 and RMB47,497,000, respectively;
 - (v) the pledge of certain land and building and plant and machinery of the Target Group with an aggregate carrying amount of approximately RMB111,879,000, RMB105,109,000, RMB100,173,000 and RMB94,627,000, respectively;
 - (vi) the pledge of certain investment properties of the Target Group with an aggregate carrying amount of approximately RMB18,359,000, RMB18,399,000, RMB18,275,000 and RMB18,582,000, respectively;
 - (vii) the pledge of certain trade receivables of the Target Group with an aggregate carrying amount of approximately Nil, RMB34,157,000, RMB54,477,000 and RMB62,865,000, respectively; and
 - (viii) the restricted cash and bank balance of the Target Group of RMB24,506,000, RMB25,394,000, RMB32,691,000 and RMB34,360,000, respectively.

- (c) As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group discounted certain bills receivable to a bank in exchange for cash. The Target Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bills receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense.

22. OTHER ASSETS

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Other assets	11,250	11,250	11,250	—

Other assets represent investment cost of 75% equity interests in the Excluded Subsidiary as detailed in Note 2.1(a).

23. BALANCES WITH RELATED COMPANIES AND THE DIRECTOR

The balances with related companies and the director are unsecured, interest-free and repayable on demand. The expected credit loss for amounts due from related companies is assessed to be minimal. Included in the balances with related companies as at 30 June 2025 are amounts due to related companies of RMB190,197,000 as a result of acquisitions of subsidiaries now comprising the Target Group.

24. SHARE CAPITAL

	Note	Number of shares	
Authorised:			
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		2	
Increase of authorised capital	(a)	999,998	
At 30 June 2025		1,000,000	
	Note	Number of shares	Equivalent to RMB'000
			US\$
Issued and fully paid:			
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		2	—*
Issuance of new shares	(b)	128,205	128,205
At 30 June 2025		128,207	128,207

* Less than RMB1,000

Notes:

- (a) On 28 May 2025, the authorised share capital of the Target Company increased from 2 ordinary shares at US\$1 each to 1,000,000 ordinary shares at US\$1 each.
- (b) On 24 June 2025, the Target Company issued 128,205 shares at US\$1 each.

25. RESERVES

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity.

The capital reserve represents the difference between the value of the paid-up capital and the net assets transferred.

The surplus reserve, which is non-distributable, is appropriated from after-tax profit of the Target Group's PRC subsidiaries under the relevant laws and regulation in the PRC. The surplus reserves can be used to make up for previous years' losses, if any, and converted into additional capital of the PRC subsidiaries of the Target Group.

The balance of merger reserve at 31 December 2022, 2023 and 2024 represents the aggregate of the share capital of the subsidiaries now comprising the Target Group attributable to the Controlling Shareholder prior to the Group Reorganisation. The balance of merger reserve at 30 June 2025 represents the difference between the aggregate of the share capital of the subsidiaries acquired and the respective consideration pursuant to the Group Reorganisation.

26. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, the Target Group had non-cash additions to right-of-use assets of RMB8,008,000, Nil, RMB14,401,000 and Nil, respectively, and lease liabilities of RMB8,008,000, Nil, RMB14,401,000 and Nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	590,022	1,996
Changes from financing cash flows	27,902	(2,185)
New leases	–	8,008
Foreign exchange movement	8,963	760
Interest expenses (<i>note 7</i>)	29,099	237
At 31 December 2022 and 1 January 2023	655,986	8,816
Changes from financing cash flows	(6,642)	(3,023)
Foreign exchange movement	4,657	69
Interest expenses (<i>note 7</i>)	27,755	368

	Interest-bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 31 December 2023 and 1 January 2024	681,756	6,230
Changes from financing cash flows	117,775	(4,031)
New leases	–	14,401
Foreign exchange movement	5,028	(257)
Interest expenses (<i>note 7</i>)	<u>36,677</u>	<u>299</u>
At 31 December 2024 and 1 January 2025	841,236	16,642
Changes from financing cash flows	(63,823)	(1,951)
Foreign exchange movement	8,053	158
Interest expenses (<i>note 7</i>)	<u>16,046</u>	<u>409</u>
At 30 June 2025	<u><u>801,512</u></u>	<u><u>15,258</u></u>

27. CAPITAL COMMITMENTS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided:				
Property, plant and equipment	<u>18,506</u>	<u>22,132</u>	<u>3,426</u>	<u>1,390</u>

28. RELATED PARTY TRANSACTIONS

- (a) In addition to transactions disclosed elsewhere in the financial statements, the Target Group also had the following material transactions with related parties during the Relevant Periods:

		Year ended 31 December 2022 <i>RMB'000</i>	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>	Six months ended 30 June 2024 <i>RMB'000</i> (unaudited)	Six months ended 30 June 2025 <i>RMB'000</i>
	<i>Notes</i>					
Purchase of raw materials from related companies	(i)	–	–	11,011	–	355
Purchase of property, plant and equipment from a related company	(ii)	16,097	28,659	6,845	3,072	340

Notes:

- (i) Purchases of goods were made at mutually agreed terms.
- (ii) Purchases of property, plant and equipment were made at mutually agreed terms.

(b) Balances with related companies

As disclosed in the statement of financial position, the Target Group had outstanding balances with the related companies, particulars of which are set out in note 23 to the financial statements.

(c) Compensation of key management personnel of the Target Group

The key management personnel of the Target Group are the directors, whose emoluments are included in note 8 to the financial statements.

29. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group discounted certain bills receivable to banks in exchange for cash. The Target Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bills receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense. The carrying amount of the assets that the Target Group continued to recognise as at 31 December 2022, 2023, 2024 and 30 June 2025 was RMB108,762,000, RMB6,891,000, RMB94,356,000 and RMB51,167,000, respectively. The carrying amount of the associated liabilities as at 31 December 2022, 2023, 2024 and 30 June 2025 was RMB108,481,000, RMB6,839,000, RMB93,915,000 and RMB50,887,000, respectively.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain bills receivable were discounted to banks in Mainland China with a carrying amount of RMB209,416,000, RMB151,396,000, RMB279,510,000 and RMB167,929,000 respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills may exercise the right of recourse against any, several or all of the persons liable for the derecognised bills, including the Target Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the Target Group has transferred substantially all risks and rewards relating to the discounted bills. Accordingly, it has derecognised the full carrying amounts of the discounted bills. The maximum exposure to loss from the Target Group’s Continuing Involvement in the discounted bills and the undiscounted cash flows to repurchase these discounted bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Target Group’s Continuing Involvement in the discounted bills are not significant.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

As at 31 December 2022

	Financial asset at fair value through profit or loss <i>RMB'000</i>	Financial asset at FVOCI <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills receivables	–	203	510,429	510,632
Financial assets included in prepayments, deposits and other receivables	–	–	38,419	38,419
Due from related companies	–	–	40,099	40,099
Financial assets at fair value through profit or loss	2,018	–	–	2,018
Restricted bank balances	–	–	595,502	595,502
Cash and cash equivalents	–	–	173,983	173,983
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u> 2,018 </u>	<u> 203 </u>	<u> 1,358,432 </u>	<u> 1,360,653 </u>

As at 31 December 2023

	Financial asset at fair value through profit or loss <i>RMB'000</i>	Financial asset at FVOCI <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills receivables	–	1,921	744,351	746,272
Financial assets included in prepayments, deposits and other receivables	–	–	33,183	33,183
Due from related companies	–	–	70,192	70,192
Financial assets at fair value through profit or loss	3,729	–	–	3,729
Restricted bank balances	–	–	395,447	395,447
Cash and cash equivalents	–	–	172,709	172,709
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u> 3,729 </u>	<u> 1,921 </u>	<u> 1,415,882 </u>	<u> 1,421,532 </u>

As at 31 December 2024

	Financial asset at fair value through profit or loss <i>RMB'000</i>	Financial asset at FVOCI <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills receivables	–	36,366	877,368	913,734
Financial assets included in prepayments, deposits and other receivables	–	–	30,744	30,744
Due from related companies	–	–	70,192	70,192
Restricted bank balances	–	–	610,927	610,927
Cash and cash equivalents	–	–	172,406	172,406
Total	–	36,366	1,761,637	1,798,003

As at 30 June 2025

	Financial asset at fair value through profit or loss <i>RMB'000</i>	Financial asset at FVOCI <i>RMB'000</i>	Financial assets at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills receivables	–	804	797,416	798,220
Financial assets included in prepayments, deposits and other receivables	–	–	44,821	44,821
Due from related companies	–	–	63,582	63,582
Financial assets at fair value through profit or loss	5,407	–	–	5,407
Restricted bank balances	–	–	481,852	481,852
Cash and cash equivalents	–	–	134,519	134,519
Total	5,407	804	1,522,190	1,528,401

Financial liabilities

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial liabilities at amortised cost:				
Trade and bills payables	1,015,696	1,162,550	1,247,728	1,171,355
Financial liabilities included in accruals and other payables	43,916	44,835	15,953	22,032
Due to the director	—	—	5,000	—
Due to related companies	46,153	51,968	47,683	236,192
Interest-bearing bank borrowings	655,986	681,756	841,236	801,512
Lease liabilities	8,816	6,230	16,642	15,258
Total	<u>1,770,567</u>	<u>1,947,339</u>	<u>2,174,242</u>	<u>2,246,349</u>

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade and bills receivables, current portion of financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in accruals and other payables, current portion of interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of financial assets included in prepayments, deposits and other receivables, interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Target Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2022, 2023, 2024 and 30 June 2025 were assessed to be insignificant.

The fair value of the copper futures with included in financial assets at fair value through profit or loss are measured with reference to quoted market prices.

The fair values of the bills receivables at fair value through other comprehensive income have been calculated by discounting the expected cash flows from the receivables using the discount rates from the factoring arrangement.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Target Group's financial instruments:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	2,018	–	–	2,018
Bills receivables at fair value through other comprehensive income	–	203	–	203
Total	–	203	–	2,221

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	3,729	–	–	3,729
Bills receivables at fair value through other comprehensive income	–	1,921	–	1,921
Total	–	1,921	–	5,650

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Bills receivables at fair value through other comprehensive income	–	36,366	–	36,366

As at 30 June 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	5,407	–	–	5,407
Bills receivables at fair value through other comprehensive income	–	804	–	804
Total	–	804	–	6,211

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group had no financial instruments measured at fair value under Level 3.

During the Relevant Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments, comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade and bill receivables, financial assets included in deposits and other receivables, financial assets at fair value through profit or loss, trade and bills payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Target Group is exposed to the risk of changes in market interest rates relates primarily to the Target Group's interest-bearing bank borrowings with floating interest rates.

The Target Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The interest-bearing bank borrowings and cash and cash equivalents are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on floating rate borrowings) and the Target Group's equity.

	Increase/ (decrease) in interest rate (basis points)	Increase/ (decrease) in profit before tax and equity <i>RMB'000</i>
31 December 2022		
RMB	50	(560)
RMB	(50)	560
31 December 2023		
RMB	50	(554)
RMB	(50)	554
31 December 2024		
RMB	50	(522)
RMB	(50)	522
30 June 2025		
RMB	50	(498)
RMB	(50)	498

Foreign currency risk

The Target Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Target Group's monetary assets, financing and transactions are principally denominated in RMB, USD, THB and VND.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States Dollar ("USD") exchange rates, with all other variables held constant, of the Target Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax and equity <i>RMB'000</i>
31 December 2022		
USD	50	1,046
USD	(50)	(1,046)
31 December 2023		
USD	50	1,246
USD	(50)	(1,246)
31 December 2024		
USD	50	1,257
USD	(50)	(1,257)
30 June 2025		
USD	50	638
USD	(50)	(638)

Credit risk

The Target Group trades only with recognised and creditworthy group companies and third parties. It is the Target Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Group's exposure to bad debts is not significant. The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments, which is considered by the directors as not significant as the counterparties of these other financial assets are mainly well-recognised corporations. Since the Target Group trades only with recognised and creditworthy group companies and third parties, there is no requirement for collateral.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023, 2024 and 30 June 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	RMB'000
Trade receivables*	–	–	–	401,208	401,208
Bills receivables**	111,941	–	–	–	111,941
Financial assets included in prepayments, deposits other receivables – Normal**	38,419	–	–	–	38,419
Due from related companies – Normal**	40,099	–	–	–	40,099
Restricted bank balances – Not yet past due	595,502	–	–	–	595,502
Cash and cash equivalents – Not yet past due	173,983	–	–	–	173,983
Total	<u>959,944</u>	<u>–</u>	<u>–</u>	<u>401,208</u>	<u>1,361,152</u>

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	RMB'000
Trade receivables*	–	–	–	736,530	736,530
Bills receivables**	15,407	–	–	–	15,407
Financial assets included in prepayments, deposits other receivables – Normal**	33,183	–	–	–	33,183
Due from related companies – Normal**	70,192	–	–	–	70,192
Restricted bank balances – Not yet past due	395,447	–	–	–	395,447
Cash and cash equivalents – Not yet past due	172,709	–	–	–	172,709
Total	<u>686,938</u>	<u>–</u>	<u>–</u>	<u>736,530</u>	<u>1,423,468</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables*	–	–	–	758,589	758,589
Bills receivables**	161,847	–	–	–	161,847
Financial assets included in prepayments, deposits other receivables – Normal**	30,744	–	–	–	30,744
Due from related companies – Normal**	70,192	–	–	–	70,192
Restricted bank balances – Not yet past due	610,927	–	–	–	610,927
Cash and cash equivalents – Not yet past due	172,406	–	–	–	172,406
Total	1,046,116	–	–	758,589	1,804,705

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables*	–	–	–	746,076	746,076
Bills receivables**	58,167	–	–	–	58,167
Financial assets included in prepayments, deposits other receivables – Normal**	44,821	–	–	–	44,821
Due from related companies – Normal**	63,582	–	–	–	63,582
Restricted bank balances – Not yet past due	481,852	–	–	–	481,852
Cash and cash equivalents – Not yet past due	134,519	–	–	–	134,519
Total	782,941	–	–	746,076	1,529,017

* For trade receivables to which the Target Group applies the simplified approach for impairment allowance is disclosed in note 14 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, bills receivables and amounts due from related companies considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Target Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and funds generated from operations.

The maturity profile of the Target Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2022

	On demand or less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Lease liabilities	2,964	7,028	9,992
Interest-bearing bank and other borrowings	677,900	54,681	732,581
Trade and bills payables	1,015,696	–	1,015,696
Financial liabilities included in other payables and accruals	43,916	–	43,916
Due to related companies	46,153	–	46,153
Total	1,786,629	61,709	1,848,338

31 December 2023

	On demand or less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Lease liabilities	2,547	5,308	7,855
Interest-bearing bank and other borrowings	610,175	135,811	745,986
Trade and bills payables	1,162,550	–	1,162,550
Financial liabilities included in other payables and accruals	44,835	–	44,835
Due to related companies	51,968	–	51,968
Total	1,872,705	141,119	2,013,194

31 December 2024

	On demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	3,550	9,507	7,782	20,839
Interest-bearing bank and other borrowings	809,299	79,332	–	888,631
Trade and bills payables	1,247,728	–	–	1,247,728
Financial liabilities included in other payables and accruals	15,953	–	–	15,953
Due to the director	5,000	–	–	5,000
Due to related companies	47,683	–	–	47,683
Total	2,129,213	88,839	7,782	2,225,834

30 June 2025

	On demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	3,398	8,470	6,890	18,758
Interest-bearing bank and other borrowings	793,262	46,148	–	839,410
Trade and bills payables	1,171,355	–	–	1,171,355
Financial liabilities included in other payables and accruals	22,032	–	–	22,032
Due to related parties	236,192	–	–	236,192
Total	2,226,239	54,618	6,890	2,287,747

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Target Group monitors capital using a gearing ratio which is net debt divided by the equity attributable to the equity holders of the Target Group plus net debt. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents and restricted bank balances.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	655,986	681,756	841,236	801,512
Less: restricted bank balances	(595,502)	(395,447)	(610,927)	(481,852)
Less: cash and cash equivalents	<u>(173,983)</u>	<u>(172,709)</u>	<u>(172,406)</u>	<u>(134,519)</u>
Net debt/(cash)	(113,499)	113,600	57,903	185,141
Equity attributable to the owner of the parent	<u>293,159</u>	<u>320,350</u>	<u>360,435</u>	<u>180,335</u>
Capital and net debt	<u>179,660</u>	<u>433,950</u>	<u>418,338</u>	<u>365,476</u>
Gearing ratio	<u>N/A*</u>	<u>26%</u>	<u>14%</u>	<u>51%</u>

* The gearing ratio was not applicable as the Target Group's cash and restricted bank balances exceeded total interest-bearing bank and other borrowings.

33. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSET				
Investment in subsidiaries	<u>49,333</u>	<u>49,333</u>	<u>49,333</u>	<u>237,447</u>
CURRENT LIABILITIES				
Due to subsidiaries	43,289	44,568	45,822	44,981
Due to a related company	<u>—</u>	<u>—</u>	<u>—</u>	<u>187,197</u>
Total current liabilities	<u>43,289</u>	<u>44,568</u>	<u>45,822</u>	<u>232,178</u>
NET CURRENT LIABILITIES	<u>43,289</u>	<u>44,568</u>	<u>45,822</u>	<u>232,178</u>
Net assets	<u>6,044</u>	<u>4,765</u>	<u>3,511</u>	<u>5,269</u>
EQUITY				
Share capital	—*	—*	—*	918
Reserves	<u>6,044</u>	<u>4,765</u>	<u>3,511</u>	<u>4,351</u>
Total equity	<u>6,044</u>	<u>4,765</u>	<u>3,511</u>	<u>5,269</u>

* Less than RMB1,000

Note:

A summary of the Target Company's reserves is as follows:

	Retained profits RMB'000
Balance as at 1 January 2022	9,344
Total comprehensive loss for the year	<u>(3,300)</u>
At 31 December 2022 and 1 January 2023	6,044
Total comprehensive loss for the year	<u>(1,279)</u>
At 31 December 2023 and 1 January 2024	4,765
Total comprehensive loss for the year	<u>(1,254)</u>
At 31 December 2024 and 1 January 2025	3,511
Total comprehensive income for the period	<u>840</u>
At 30 June 2025	<u><u>4,351</u></u>

34. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events for which additional disclosure or adjustments is required after the end of the Relevant Periods.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company, the Target Group or any of its subsidiaries in respect of any period subsequent to 30 June 2025.