

APPENDIX I

ACCOUNTANTS’ REPORT

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU ZHONGXIN PRIDON NEW MATERIAL CO., LTD AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Jiangsu Zhongxin Pridon New Material CO., LTD (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024, and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, 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.

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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 preparation set out in note 2.1 to the Historical Financial Information, 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 Group and the Company as at 31 December 2023 and 2024, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of unaudited interim financial information

We have reviewed the unaudited interim financial information of the Group which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the nine months ended 30 September 2024 and 2025, and the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2025 and other explanatory information (the “Interim Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim 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 Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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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 I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]

Certified Public Accountants

Hong Kong

[date]

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I 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 financial statements of the 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 unaudited Interim Financial Information in this report was prepared based on management accounts of the Group for the nine months ended 30 September 2024 and 2025.

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	(unaudited)
REVENUE	5	1,421,717	972,459	673,019	959,742
Cost of sales		<u>(1,052,529)</u>	<u>(756,079)</u>	<u>(546,700)</u>	<u>(755,581)</u>
Gross profit		369,188	216,380	126,319	204,161
Other income and gains	5	17,383	19,426	11,538	5,699
Selling and marketing expenses		(135,956)	(98,695)	(61,724)	(78,089)
Administrative expenses		(39,159)	(39,107)	(27,362)	(33,302)
Research and development expenses		(44,776)	(31,063)	(24,167)	(17,791)
(Impairment losses)/reversal of impairment losses on financial assets, net		(707)	(466)	(417)	9
Other expenses		(2,090)	(1,197)	(1,120)	(549)
Finance costs	7	<u>(10,336)</u>	<u>(10,182)</u>	<u>(8,198)</u>	<u>(3,004)</u>
PROFIT BEFORE TAX	6	153,547	55,096	14,869	77,134
Income tax expense	10	<u>(28,344)</u>	<u>(2,379)</u>	<u>(1,834)</u>	<u>(3,080)</u>
PROFIT FOR THE YEAR/PERIOD		<u>125,203</u>	<u>52,717</u>	<u>13,035</u>	<u>74,054</u>
Profit attributable to:					
Owners of the parent		<u>125,203</u>	<u>52,717</u>	<u>13,035</u>	<u>74,054</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	12	<u>1.38</u>	<u>0.58</u>	<u>0.14</u>	<u>0.82</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		Nine months ended 30	
	2023	2024	September	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(unaudited)	(unaudited)
PROFIT FOR THE YEAR/PERIOD	<u>125,203</u>	<u>52,717</u>	<u>13,035</u>	<u>74,054</u>
OTHER COMPREHENSIVE (LOSS)/ INCOME				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	<u>(188)</u>	<u>(577)</u>	<u>1,042</u>	<u>(34)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	<u>(188)</u>	<u>(577)</u>	<u>1,042</u>	<u>(34)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>125,015</u>	<u>52,140</u>	<u>14,077</u>	<u>74,020</u>
Attributable to:				
Owners of the parent	<u>125,015</u>	<u>52,140</u>	<u>14,077</u>	<u>74,020</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December 2023 RMB'000	2024 RMB'000	As at 30 September 2025 RMB'000 (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	13	245,907	244,092	226,792
Investment properties	14	—	—	14,053
Right-of-use assets	15	61,482	47,341	44,627
Intangible assets		67	72	37
Prepayments, other receivables and other assets	20	7,620	11,519	9,412
Deferred tax assets	17	2,768	6,634	9,087
Total non-current assets		<u>317,844</u>	<u>309,658</u>	<u>304,008</u>
CURRENT ASSETS				
Inventories	18	167,127	310,475	194,407
Trade and bills receivables	19	306,242	161,716	169,072
Prepayments, other receivables and other assets	20	35,035	25,358	19,752
Financial assets at fair value through profit or loss	21	115,146	40,272	24,993
Time deposits	22	97,566	17,563	15,427
Restricted cash	22	46,970	102,618	53,233
Cash and cash equivalents	22	95,638	112,332	178,629
Prepaid income tax		—	2,112	2,938
Total current assets		<u>863,724</u>	<u>772,446</u>	<u>658,451</u>
CURRENT LIABILITIES				
Trade and bills payables	23	610,892	508,325	370,467
Other payables and accruals	24	119,191	132,828	88,977
Contract liabilities	25	15,203	4,137	11,946
Interest-bearing bank borrowings	26	167,330	139,625	119,658
Lease liabilities	15	14,625	13,895	15,058
Income tax payable		2,366	3,908	8,926
Financial liabilities at fair value through profit or loss	21	459	—	177
Total current liabilities		<u>930,066</u>	<u>802,718</u>	<u>615,209</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(66,342)</u>	<u>(30,272)</u>	<u>43,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>251,502</u>	<u>279,386</u>	<u>347,250</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	26	29,680	23,080	16,480
Other payables and accruals	24	6,626	1,882	—
Lease liabilities	15	19,882	5,807	8,220
Deferred income		—	1,165	1,081
Deferred tax liabilities	17	71	69	66
Total non-current liabilities		<u>56,259</u>	<u>32,003</u>	<u>25,847</u>
Net assets		<u>195,243</u>	<u>247,383</u>	<u>321,403</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	27	90,416	90,416	90,416
Reserves	28	104,827	156,967	230,987
Total equity		<u>195,243</u>	<u>247,383</u>	<u>321,403</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					Total equity RMB’000
	Share capital RMB’000 Note 27	Capital reserve* RMB’000 Note 28	Statutory surplus reserve* RMB’000 Note 28	Exchange fluctuation reserve* RMB’000 Note 28	(Accumulated losses)/ retained profits* RMB’000	
As at 1 January 2023	90,416	2,336	3,232	—	(25,756)	70,228
Profit for the year	—	—	—	—	125,203	125,203
Other comprehensive loss for the year:						
Exchange differences related to foreign operations	—	—	—	(188)	—	(188)
Total comprehensive (loss)/income for the year	—	—	—	(188)	125,203	125,015
Appropriation to statutory surplus reserve	—	—	11,145	—	(11,145)	—
As at 31 December 2023	90,416	2,336	14,377	(188)	88,302	195,243

Year ended 31 December 2024

	Attributable to owners of the parent					Total equity RMB’000
	Share capital RMB’000 Note 27	Capital reserve* RMB’000 Note 28	Statutory surplus reserve* RMB’000 Note 28	Exchange fluctuation reserve* RMB’000 Note 28	Retained profits* RMB’000	
As at 1 January 2024	90,416	2,336	14,377	(188)	88,302	195,243
Profit for the year	—	—	—	—	52,717	52,717
Other comprehensive loss for the year:						
Exchange differences related to foreign operations	—	—	—	(577)	—	(577)
Total comprehensive (loss)/income for the year	—	—	—	(577)	52,717	52,140
Appropriation to statutory surplus reserve	—	—	1,970	—	(1,970)	—
As at 31 December 2024	90,416	2,336	16,347	(765)	139,049	247,383

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Nine months ended 30 September 2024 (unaudited)

	Attributable to owners of the parent					
	Share	Capital	Statutory	Exchange	Retained	Total
	capital	reserve	surplus	fluctuation	profits	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 27	Note 28	Note 28	Note 28		
As at 1 January 2024	90,416	2,336	14,377	(188)	88,302	195,243
Profit for the period	—	—	—	—	13,035	13,035
Other comprehensive income for the period:						
Exchange differences related to foreign operations	—	—	—	1,042	—	1,042
Total comprehensive income for the period	—	—	—	1,042	13,035	14,077
As at 30 September 2024	<u>90,416</u>	<u>2,336</u>	<u>14,377</u>	<u>854</u>	<u>101,337</u>	<u>209,320</u>

Nine months ended 30 September 2025 (unaudited)

	Attributable to owners of the parent					
	Share	Capital	Statutory	Exchange	Retained	Total
	capital	reserve*	surplus	fluctuation	profits*	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 27	Note 28	Note 28	Note 28		
As at 1 January 2025	90,416	2,336	16,347	(765)	139,049	247,383
Profit for the period	—	—	—	—	74,054	74,054
Other comprehensive income for the period:						
Exchange differences related to foreign operations	—	—	—	(34)	—	(34)
Total comprehensive income for the period	—	—	—	(34)	74,054	74,020
As at 30 September 2025	<u>90,416</u>	<u>2,336</u>	<u>16,347</u>	<u>(799)</u>	<u>213,103</u>	<u>321,403</u>

* These reserve accounts represent the total consolidated reserves of RMB104,827,000, RMB156,967,000 and RMB230,987,000 in the consolidated statements of financial position as at 31 December 2023 and 2024 and 30 September 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Nine months ended	
		2023	2024	30 September	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		153,547	55,096	14,869	77,134
Adjustments for:					
Depreciation of property, plant and equipment	6,13	24,264	31,332	22,846	25,931
Depreciation of investment properties	6,14	—	—	—	161
Depreciation of right-of-use assets	6,15	8,954	13,841	10,372	12,675
Amortisation of intangible assets	6	47	55	39	35
Impairment losses/(reversal of impairment losses) on financial assets, net	6	707	466	417	(9)
Write-down of inventories to net realisable value	6	7,396	9,291	3,234	5,598
Finance costs	7	10,336	10,182	8,198	3,004
Bank interest income	5	(5,485)	(4,592)	(3,720)	(2,888)
Investment income and fair value (gains)/losses on financial assets at fair value through profit or loss, net	6	22	(1,571)	(1,693)	(1,068)
(Gains)/losses on disposal of items of property, plant and equipment	6	(32)	386	47	—
Exchange (gains)/losses on foreign exchange from non-operating activities, net		(1,757)	734	(58)	3,389
		<u>197,999</u>	<u>115,220</u>	<u>54,551</u>	<u>123,962</u>
(Increase)/decrease in inventories		(8,987)	(152,639)	(26,525)	110,470
Decrease/(increase) in restricted cash		23,627	(55,648)	(53,002)	49,385
(Increase)/decrease in trade and bills receivables		(167,328)	144,526	149,068	(6,971)
(Increase) /decrease in prepayments, other receivables and other assets		(4,354)	7,915	17,771	5,553
Increase/(decrease) in other payables and accruals		6,484	13,797	(15,539)	(34,635)
Increase/(decrease) in trade and bills payables		155,733	(102,567)	(164,323)	(137,858)
Increase/(decrease) in contract liabilities		9,009	(11,066)	2,356	7,809
Increase/(decrease) in deferred income		—	1,165	—	(84)
		<u>212,183</u>	<u>(39,297)</u>	<u>(35,643)</u>	<u>117,631</u>
Cash generated from operations		212,183	(39,297)	(35,643)	117,631
Interest received		5,485	4,592	3,720	2,888
Income tax paid		(7,424)	(6,817)	(6,321)	(1,344)
		<u>210,244</u>	<u>(41,522)</u>	<u>(38,244)</u>	<u>119,175</u>
Net cash flows from/(used in) operating activities		210,244	(41,522)	(38,244)	119,175

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	<i>Notes</i>	Year ended 31 December		Nine months ended	
		2023	2024	30 September	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(unaudited)	(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(63,284)	(41,615)	(29,674)	(34,023)
Proceeds from disposal of items of property, plant and equipment		2,545	1,805	934	3,955
Purchases of intangible assets		—	(60)	(60)	—
Purchases of financial assets at fair value through profit or loss		(134,728)	(196,001)	(156,000)	(150,744)
Proceeds from disposal of financial assets at fair value through profit or loss		60,289	271,987	261,902	167,268
Withdrawal of time deposits		—	80,003	58,406	2,136
Placement of time deposits		(34,792)	—	—	—
Net cash flows (used in)/from investing activities		<u>(169,970)</u>	<u>116,119</u>	<u>135,508</u>	<u>(11,408)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from interest-bearing bank borrowings		431,629	303,455	221,748	228,777
Repayment of interest-bearing bank borrowings		(417,336)	(338,457)	(255,822)	(254,969)
Interest paid		(9,128)	(9,700)	(8,290)	(1,919)
Principal portion of lease payments		(6,824)	(15,544)	(11,362)	(11,908)
Net cash flows used in financing activities		<u>(1,659)</u>	<u>(60,246)</u>	<u>(53,726)</u>	<u>(40,019)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period		38,615	14,351	43,538	67,748
Effect of foreign exchange rate changes, net		56,212	95,638	95,638	112,332
		811	2,343	76	(1,451)
Cash and cash equivalents at end of year/period		<u>95,638</u>	<u>112,332</u>	<u>139,252</u>	<u>178,629</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances		95,638	112,332	139,252	176,301
Non-pledged time deposits with original maturity of less than three months when acquired		—	—	—	2,328
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position	22	<u>95,638</u>	<u>112,332</u>	<u>139,252</u>	<u>178,629</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December 2023 RMB’000	2024 RMB’000	As at 30 September 2025 RMB’000 (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment	13	183,834	164,290	138,613
Investment properties	14	—	—	14,053
Right-of-use assets	15	29,064	28,103	22,532
Intangible assets		67	72	37
Investments in subsidiaries	16	20,744	49,890	49,890
Prepayments, other receivables and other assets	20	2,000	1,292	1,274
Deferred tax assets	17	2,431	3,810	5,186
Total non-current assets		238,140	247,457	231,585
CURRENT ASSETS				
Inventories	18	146,730	92,416	60,808
Trade and bills receivables	19	292,841	65,342	45,311
Prepayments, other receivables and other assets	20	28,247	9,286	10,149
Financial assets at fair value through profit or loss	21	115,146	40,272	24,993
Amounts due from subsidiaries	16	83,320	336,696	343,220
Time deposits	22	97,566	10,117	—
Restricted cash	22	46,621	30,249	19,247
Cash and cash equivalents	22	80,106	33,881	28,176
Prepaid income tax		—	2,112	2,471
Total current assets		890,577	620,371	534,375
CURRENT LIABILITIES				
Trade and bills payables	23	604,967	389,833	309,798
Other payables and accruals	24	114,829	95,901	58,644
Contract liabilities	25	4,932	3,318	7,287
Interest-bearing bank borrowings	26	157,430	113,119	100,278
Income tax payable		2,363	—	—
Financial liabilities at fair value through profit or loss	21	459	—	171
Amounts due to subsidiaries	16	—	12,402	41,166
Total current liabilities		884,980	614,573	517,344
NET CURRENT ASSETS		5,597	5,798	17,031
TOTAL ASSETS LESS CURRENT LIABILITIES		243,737	253,255	248,616
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	26	29,680	23,080	16,480
Other payables and accruals	24	6,626	1,882	—
Deferred income		—	1,165	1,081
Total non-current liabilities		36,306	26,127	17,561
Net assets		207,431	227,128	231,055
EQUITY				
Share capital	27	90,416	90,416	90,416
Reserves	28	117,015	136,712	140,639
Total equity		207,431	227,128	231,055

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Jiangsu Zhongxin Pridon New Material CO., LTD (hereinafter “the Company”) was registered in the People’s Republic of China (hereinafter referred to as the “PRC”) as a limited company in 2008. The registered office of the Company is located at Nanfang Village, Henglin Town, Wujin District, Changzhou City, Jiangsu Province. The Company was converted into a joint-stock company on 16 July 2019.

During the Relevant Periods and the nine months ended 30 September 2025, the Company and its subsidiaries (collectively, the “Group”) were mainly engaged in the manufacturing and sales of Polyvinyl Chloride (hereinafter “PVC”) Flooring, including Stone Plastic Composite (hereinafter “SPC”) Flooring, Luxury Vinyl Tile (hereinafter “LVT”) Flooring, Wood Plastic Composite (hereinafter “WPC”) Flooring.

As at 30 September 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Group’s principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operation	Nominal value of issued ordinary share capital /registered capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Pridon Pte. Ltd. (“Pridon”)	(a)	Singapore/25 May 2023	USD2,000	100	—	Sales of flooring related products
Vietnam Hengxin New Material Technology Company Limited (“Vietnam Hengxin”)	(b)	Vietnam/30 January 2023	VDN70,470,000	100	—	Production and sales of flooring related products

Notes:

- (a) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with the Financial Reporting Standards in Singapore (FRSs) were audited by FOZL Assurance PAC, certified public accountants registered in Singapore.
- (b) The statutory financial statements of this entity for the year ended 31 December 2023 prepared in accordance with the Vietnam Accounting Standards (VAS) were audited by Deloitte Touche Tohmatsu Limited, certified public accountants registered in Vietnam. The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the Vietnam Accounting Standards (VAS) were audited by AASC Limited Chartered Accountants, certified public accountants registered in Vietnam.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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2.1 BASIS OF PREPARATION

The Historical Financial Information and the Interim Financial Information have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the Interim Financial Information for the nine months ended 30 September 2024 and 2025.

The Historical Financial Information and the Interim Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information and the Interim Financial Information includes the financial statements of the Group for the Relevant Periods and the nine months ended 30 September 2024 and 2025, respectively. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information and the Interim Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to IFRS Accounting Standards — Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS10 and IAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. According to the preliminary assessment made by the directors, except for IFRS 18, no significant impact on the financial statements of the Group is expected when these new and amended IFRS Accounting Standards become effective.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

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2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its certain financial assets 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 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.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 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, deferred tax assets 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.

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Related parties

A party is considered to be related to the 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 Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the 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 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 Group or an entity related to the 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 Group or to the parent of the 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 the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the 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:

Buildings	5%
Machinery	10%~14%
Office equipment and electronic devices	19%~50%
Leasehold improvements	20%~80%
Vehicles	13%~24%

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.

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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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Research and development expenses

All research costs are charged to the statement of profit or loss as incurred.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line and the estimated useful lives of buildings are as follows:

Buildings	20 years
Leasehold land	20 years

Leases

The 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The 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 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:

Buildings	2 to 6 years
Leasehold land	20 to 50 years

If ownership of the leased asset transfers to the 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.

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(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 Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. 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 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.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the 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 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 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, 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 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 Group has applied the practical expedient of not adjusting the effect of a significant financing component, the 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 Group has applied the practical expedient are measured at the transaction price determined under IFRS 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.

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The 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 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 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.

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 Group’s consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The 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 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).

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At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the 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 Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the 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 Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 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 Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The 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 and 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 Group’s financial liabilities include trade and bills payables, other payables and accruals, financial liabilities at fair value through profit or loss and interest-bearing bank borrowings.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group’s normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows.

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Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and bills payables, other payables and interest-bearing bank 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.

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 consolidated 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 Group’s cash management.

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Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside 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 Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period 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, 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, 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 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.

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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, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods 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.

Revenue from the sales of flooring

The Group sells flooring products. Revenue from the sale of products is recognised when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods.

Revenue from freight service

Revenue from the provision of freight service is recognised at the point in time upon delivering goods to the designated destination as specified in the contract when the freight service has been completed.

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.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Other employee benefits

Pension schemes

The employees of the Company and the subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These entities are required to contribute a certain percentage 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 scheme.

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Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds are limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Historical Financial Information and the Interim Financial Information are presented in RMB, which is the Company’s functional currency. Each entity in the 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 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 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 Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies rather than RMB. As at the end of each 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 its statement of profit or loss is 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 is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting period are translated into RMB the weighted at average exchange rate for the period.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s Historical Financial Information and the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosure. 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.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information and the Interim Financial Information:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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 described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 19 to the Historical Financial Information.

Provision of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group’s provision for its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for provision, if appropriate. Further details of the inventories are set out in note 18 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

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4. OPERATING SEGMENT INFORMATION

Operating segment information

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
North America	1,241,503	816,760	551,132	861,433
European Union	59,200	86,386	69,665	73,409
Chinese mainland	56,327	20,339	16,164	6,145
Others	64,687	48,974	36,058	18,755
	<u>1,421,717</u>	<u>972,459</u>	<u>673,019</u>	<u>959,742</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(unaudited)
Chinese mainland	215,100	198,168	177,449
Vietnam	94,304	97,390	110,569
Other countries/regions	—	498	258
	<u>309,404</u>	<u>296,056</u>	<u>288,276</u>

The non-current asset information of operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

External customers from which the revenue individually amounted to over 10% of total revenue of the Group during each of the Relevant Periods and the nine months ended 30 September 2024 and 2025 were as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Customer A	899,617	440,905	284,851	511,618
Customer B	NA*	139,214	109,867	NA*
	<u>899,617</u>	<u>580,119</u>	<u>394,718</u>	<u>511,618</u>

* Less than 10% of the Group’s revenue

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Revenue from contracts with customers	1,421,717	972,459	673,019	959,742

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Types of goods and services				
PVC flooring	1,319,467	886,606	608,547	933,488
Laminate flooring and wall panel	68,042	78,550	59,505	21,336
Others	34,208	7,303	4,967	4,918
Total	1,421,717	972,459	673,019	959,742
Timing of revenue recognition				
Transferred at a point in time	1,421,717	972,459	673,019	959,742

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	6,194	15,203	15,203	4,137

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sales of goods and services

Revenue from selling flooring

The performance obligation is satisfied upon delivery to the agreed-upon locations in accordance with the contracts, and when the customers confirmed the acceptance of the products. Payment is normally received in advance, except for certain customers with established creditworthiness and a long-standing business relationship, where payment is generally due within 30 to 120 days from the date of bill of lading.

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Revenue from freight service

The performance obligation is satisfied upon delivering goods to the designated destination as specified in the contract when the freight service has been completed. Payment is generally due within 30 to 120 days from the date of bill of Lading.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration of more than one year, thus management applied practical expedient under IFRS 15 and did not disclose the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

An analysis of other income and gains is as follows:

	Year ended 31 December		Nine months ended	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)	(unaudited)
Other income				
Government grants*	3,701	2,924	377	300
Bank interest income	5,485	4,592	3,720	2,888
Rental income	—	—	—	389
Others	530	630	597	531
	<u>9,716</u>	<u>8,146</u>	<u>4,694</u>	<u>4,108</u>
Gains				
Foreign exchange differences, net	7,344	9,709	5,151	346
Investment income and fair value gains on financial assets at fair value through profit or loss	291	1,571	1,693	1,245
Gain on disposal of property, plant and equipment and intangible asset	32	—	—	—
	<u>7,667</u>	<u>11,280</u>	<u>6,844</u>	<u>1,591</u>
Total other income and gains	<u>17,383</u>	<u>19,426</u>	<u>11,538</u>	<u>5,699</u>

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant assets, when all attaching conditions and requirements are complied with.

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6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		Nine months ended 30 September	
		2023 RMB’000	2024 RMB’000	2024 RMB’000 (unaudited)	2025 RMB’000 (unaudited)
Cost of inventories sold*		1,045,133	746,788	543,466	749,983
Depreciation of property, plant and equipment	13	24,264	31,332	22,846	25,931
Depreciation of investment properties	14	—	—	—	161
Depreciation of right-of-use assets	15	8,954	13,841	10,372	12,675
Amortisation of other intangible assets		47	55	39	35
Research and development expenses*		44,776	31,063	24,167	17,791
Foreign exchange differences, net	5	(7,344)	(9,709)	(5,151)	(346)
Bank interest income	5	(5,485)	(4,592)	(3,720)	(2,888)
(Gains)/losses on disposal of items of property, plant and equipment		(32)	386	47	—
Investment income and fair value (gains)/losses on financial assets at fair value through profit or loss, net		22	(1,571)	(1,693)	(1,068)
Impairment losses/(reversal of impairment losses) on financial assets, net					
— Impairment of trade receivables	19	1,756	4,506	3,888	(197)
— Impairment of financial assets included in prepayments, other receivables and other assets, net		(1,049)	(4,040)	(3,471)	188
Total		<u>707</u>	<u>466</u>	<u>417</u>	<u>(9)</u>
Write-down of inventories to net realisable value		7,396	9,291	3,234	5,598
Expenses relating to short-term leases and lease of low-value assets		1,171	169	73	71
Employee benefit expense (including directors’ remuneration (note 8)):					
Wages, salaries and other allowances		87,107	72,247	51,425	53,561
Pension scheme contributions and social welfare		10,366	9,811	7,392	6,915

* Cost of inventories sold and research and development expenses include expenses relating to staff cost, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Interest on interest-bearing bank borrowings	9,629	9,088	7,326	2,365
Interest on lease liabilities	962	1,094	872	639
Less: Interest capitalised	(255)	—	—	—
Total	10,336	10,182	8,198	3,004

8. DIRECTORS’ REMUNERATION

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2024 and 2025. Subsequent to 30 September 2025, Mr. Li Siu Bun, Dr. Tang Qiheng and Mr. Yu Qize were appointed as independent non-executive directors of the Company and become effective on 26 January 2026.

(b) Directors

The remuneration paid or payable to the directors of the Company during each of the Relevant Periods and the nine months ended 30 September 2024 and 2025 is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Fees	—	—	—	—
Other emoluments:				
Salaries, allowances, benefits in kind and bonuses	4,298	4,352	2,762	4,143
Pension scheme contributions and social welfare	305	319	238	239
Subtotal	4,603	4,671	3,000	4,382
Total fees and other emoluments	4,603	4,671	3,000	4,382

* Certain directors of the Company are entitled to bonus payments which are associated with the operating results of the Group.

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The remuneration of each of the directors of the Company paid/payable by the Group for each of the Relevant Periods and the nine months ended 30 September 2024 and 2025 is set out as follows:

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind and bonuses <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2023				
Directors:				
Mr. Yao Zhongxing	—	909	—	909
Mr. Hang Cheng	—	840	91	931
Ms. Huang Liying	—	786	—	786
Ms. Ding Yaqin	—	581	80	661
Ms. Liu Yanfei	—	273	43	316
Mr. Yao Yong	—	909	91	1,000
	—	4,298	305	4,603

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind and bonuses <i>RMB'000</i>	Pension scheme contributions and social welfare <i>RMB'000</i>	Total remuneration <i>RMB'000</i>
Year ended 31 December 2024				
Directors:				
Mr. Yao Zhongxing	—	709	—	709
Mr. Hang Cheng	—	793	96	889
Ms. Huang Liying	—	486	—	486
Ms. Ding Yaqin	—	1,050	83	1,133
Ms. Liu Yanfei	—	288	44	332
Mr. Yao Yong	—	1,026	96	1,122
	—	4,352	319	4,671

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	Fees <i>RMB’000</i> (unaudited)	Salaries, allowances and benefits in kind and bonuses <i>RMB’000</i> (unaudited)	Pension scheme contributions and social welfare <i>RMB’000</i> (unaudited)	Total remuneration <i>RMB’000</i> (unaudited)
Nine months ended 30 September 2024 (unaudited)				
Directors:				
Mr. Yao Zhongxing	—	532	—	532
Mr. Hang Cheng	—	595	72	667
Ms. Huang Liying	—	350	—	350
Ms. Ding Yaqin	—	507	62	569
Ms. Liu Yanfei	—	216	32	248
Mr. Yao Yong	—	562	72	634
	—	2,762	238	3,000
Total	—	2,762	238	3,000

	Fees <i>RMB’000</i> (unaudited)	Salaries, allowances and benefits in kind and bonuses <i>RMB’000</i> (unaudited)	Pension scheme contributions and social welfare <i>RMB’000</i> (unaudited)	Total remuneration <i>RMB’000</i> (unaudited)
Nine months ended 30 September 2025 (unaudited)				
Directors:				
Mr. Yao Zhongxing	—	541	—	541
Mr. Hang Cheng	—	605	72	677
Ms. Huang Liying	—	360	—	360
Ms. Ding Yaqin	—	1,178	62	1,240
Ms. Liu Yanfei	—	226	33	259
Mr. Yao Yong	—	1,233	72	1,305
	—	4,143	239	4,382
Total	—	4,143	239	4,382

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025 included 4, 4, 4 and 4 directors, respectively details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining highest paid employees who are not a director of the Company are as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Fees	—	—	—	—
Other emoluments:				
Salaries, allowances, benefits in kind and bonuses	646	755	561	579
Pension scheme contributions and social welfare	49	54	41	41
Subtotal	695	809	602	620
Total fees and other emoluments	<u>695</u>	<u>809</u>	<u>602</u>	<u>620</u>

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees			
	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(unaudited)	(unaudited)
HK\$500,001 to HK\$1,000,000	1	1	1	1
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and/or operates.

Chinese mainland

The subsidiaries established in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for those subject to tax preferential set out below:

Jiangsu Zhongxin Pridon New Material CO., LTD obtained its “High and New Technology Enterprise” qualification in 2023, so it was entitled to the preferential tax rate of 15% during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

Changzhou Ouyingrui Technology Co., Ltd. and Shanghai Ouyingrui Technology Co., Ltd. have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the PRC’s State Administration of Taxation during the Relevant Periods and the nine months ended 30 September 2024 and 2025. Pursuant to the policy, during the period from 1 January 2022 to 31 December 2027, the portion of annual taxable income amount of a small-scaled minimal profit corporate shall be eligible for a 75% reduction, and tax shall be levied at a reduced tax rate of 20%.

Changzhou Hengdexin New Material Technology Co., Ltd. had applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy in 2023 and was entitled to the lower tax rate during the year ended 31 December 2023 as mentioned above. This entity was subject to the statutory tax rate of 25% during the year ended 31 December 2024, and the nine months ended 30 September 2024 and 2025.

Vietnam

Vietnam Hengxin New Material Technology Company Limited and Vietnam Deheng New Material Technology Company Limited are fully export-oriented enterprises established in an economically underdeveloped area of Vietnam (Thai Nguyen Province). They are exempt from taxes for two years from the year they generate taxable income, and are eligible for a 50% reduction in profits tax for the following four years.

Singapore

Pridon Pte. Ltd. and Pridon Investment Pte. Ltd. are corporate entities established in Singapore, subject to a 17% income tax rate.

United States of America

Pridon Global Supply Inc is located in California, the United States of America and is subject to a federal tax rate of 21% and a California tax rate of 8.84%.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Current income tax	9,790	6,247	4,737	5,536
Deferred income tax (note17)	18,554	(3,868)	(2,903)	(2,456)
Total tax expense for the year/period	<u>28,344</u>	<u>2,379</u>	<u>1,834</u>	<u>3,080</u>

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A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate to the effective tax rates, is as follows:

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Profit before tax	153,547	55,096	14,869	77,134
Tax at the statutory tax rates of each entities’ jurisdictions	38,857	11,008	2,899	14,184
Effect of preferential tax rates	(15,000)	(6,094)	756	(9,353)
Expenses not deductible for tax	398	394	305	342
Additional deductible allowance for qualified research and development expenses*	(4,411)	(2,559)	(1,756)	(2,093)
Effect on opening deferred tax of decrease in tax rate	8,500	(370)	(370)	—
Tax expense at the Group’s effective tax rate	28,344	2,379	1,834	3,080

* Additional deductible allowance was for qualified research and development expenses.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods and the nine months ended 30 September 2024 and 2025.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during each of the Relevant Periods and the nine months ended 30 September 2024 and 2025.

The Group had no potentially dilutive shares in issue during the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2024 and 2025.

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Earnings				
Profit attributable to ordinary equity shareholders of the parent, used in the basic and diluted earnings per share calculation	125,203	52,717	13,035	74,054
Shares				
Weighted average number of ordinary shares outstanding during the year/period used in the basic and diluted earnings per share calculation ('000)	90,416	90,416	90,416	90,416
Earnings per share				
Basic and diluted (RMB)	1.38	0.58	0.14	0.82

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ACCOUNTANTS’ REPORT

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost	92,631	116,059	14,085	8,712	5,601	18,501	255,589
Accumulated depreciation	(26,548)	(31,776)	(6,875)	(5,377)	(3,540)	—	(74,116)
Net carrying amount	<u>66,083</u>	<u>84,283</u>	<u>7,210</u>	<u>3,335</u>	<u>2,061</u>	<u>18,501</u>	<u>181,473</u>
At 1 January 2023, net of accumulated depreciation	66,083	84,283	7,210	3,335	2,061	18,501	181,473
Additions	377	2,011	2,712	1,166	1,539	84,725	92,530
Disposals	—	(2,513)	—	—	—	—	(2,513)
Depreciation provided during the period	(5,225)	(11,635)	(3,715)	(1,761)	(1,928)	—	(24,264)
Foreign exchange realignment	—	(1,027)	(45)	(28)	(10)	(209)	(1,319)
Transfer	40,772	49,838	1,517	320	491	(92,938)	—
At 31 December 2023, net of accumulated depreciation	<u>102,007</u>	<u>120,957</u>	<u>7,679</u>	<u>3,032</u>	<u>2,153</u>	<u>10,079</u>	<u>245,907</u>
At 31 December 2023:							
Cost	133,780	163,297	18,264	10,168	7,619	10,079	343,207
Accumulated depreciation	(31,773)	(42,340)	(10,585)	(7,136)	(5,466)	—	(97,300)
Net carrying amount	<u>102,007</u>	<u>120,957</u>	<u>7,679</u>	<u>3,032</u>	<u>2,153</u>	<u>10,079</u>	<u>245,907</u>

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ACCOUNTANTS’ REPORT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	133,780	163,297	18,264	10,168	7,619	10,079	343,207
Accumulated depreciation	(31,773)	(42,340)	(10,585)	(7,136)	(5,466)	—	(97,300)
Net carrying amount	<u>102,007</u>	<u>120,957</u>	<u>7,679</u>	<u>3,032</u>	<u>2,153</u>	<u>10,079</u>	<u>245,907</u>
At 1 January 2024, net of accumulated depreciation	102,007	120,957	7,679	3,032	2,153	10,079	245,907
Additions	177	2,341	1,628	687	1,965	27,310	34,108
Disposals	—	(2,101)	(26)	(64)	—	—	(2,191)
Depreciation provided during the period	(6,362)	(16,107)	(4,066)	(1,173)	(3,624)	—	(31,332)
Foreign exchange realignment	—	(1,909)	(93)	(52)	(97)	(249)	(2,400)
Transfer	—	24,226	2,229	—	10,235	(36,690)	—
At 31 December 2024, net of accumulated depreciation	<u>95,822</u>	<u>127,407</u>	<u>7,351</u>	<u>2,430</u>	<u>10,632</u>	<u>450</u>	<u>244,092</u>
At 31 December 2024:							
Cost	133,957	183,949	21,884	10,566	19,689	450	370,495
Accumulated depreciation	(38,135)	(56,542)	(14,533)	(8,136)	(9,057)	—	(126,403)
Net carrying amount	<u>95,822</u>	<u>127,407</u>	<u>7,351</u>	<u>2,430</u>	<u>10,632</u>	<u>450</u>	<u>244,092</u>

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ACCOUNTANTS’ REPORT

	Buildings RMB'000	Machinery RMB'000	Office equipment and electronic devices RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
30 September 2025 (unaudited)							
At 1 January 2025:							
Cost	133,957	183,949	21,884	10,566	19,689	450	370,495
Accumulated depreciation	(38,135)	(56,542)	(14,533)	(8,136)	(9,057)	—	(126,403)
Net carrying amount	<u>95,822</u>	<u>127,407</u>	<u>7,351</u>	<u>2,430</u>	<u>10,632</u>	<u>450</u>	<u>244,092</u>
At 1 January 2025, net of accumulated depreciation	95,822	127,407	7,351	2,430	10,632	450	244,092
Additions	—	855	1,800	—	1,015	21,039	24,709
Disposals	(437)	(3,497)	(21)	—	—	—	(3,955)
Depreciation provided during the period	(4,662)	(12,995)	(2,949)	(427)	(4,898)	—	(25,931)
Foreign exchange realignment	—	(2,359)	(129)	(58)	(263)	(15)	(2,824)
Transfer	—	5,101	308	—	2,289	(7,698)	—
Transfer to investment properties	(9,299)	—	—	—	—	—	(9,299)
At 30 September 2025, net of accumulated depreciation	<u>81,424</u>	<u>114,512</u>	<u>6,360</u>	<u>1,945</u>	<u>8,775</u>	<u>13,776</u>	<u>226,792</u>
At 30 September 2025:							
Cost	120,870	180,802	23,760	10,492	22,560	13,776	372,260
Accumulated depreciation	(39,446)	(66,290)	(17,400)	(8,547)	(13,785)	—	(145,468)
Net carrying amount	<u>81,424</u>	<u>114,512</u>	<u>6,360</u>	<u>1,945</u>	<u>8,775</u>	<u>13,776</u>	<u>226,792</u>

The pledge status of buildings and machinery is disclosed in note 26 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

The Company

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost	92,631	116,059	14,085	8,712	5,601	18,501	255,589
Accumulated depreciation	(26,548)	(31,776)	(6,875)	(5,377)	(3,540)	—	(74,116)
Net carrying amount	<u>66,083</u>	<u>84,283</u>	<u>7,210</u>	<u>3,335</u>	<u>2,061</u>	<u>18,501</u>	<u>181,473</u>
At 1 January 2023, net of accumulated depreciation	66,083	84,283	7,210	3,335	2,061	18,501	181,473
Additions	377	2,011	1,568	—	1,414	22,301	27,671
Disposals	—	(2,513)	—	—	—	—	(2,513)
Depreciation provided during the period	(5,225)	(10,639)	(3,459)	(1,660)	(1,814)	—	(22,797)
Transfer	40,772	14	—	—	16	(40,802)	—
At 31 December 2023, net of accumulated depreciation	<u>102,007</u>	<u>73,156</u>	<u>5,319</u>	<u>1,675</u>	<u>1,677</u>	<u>—</u>	<u>183,834</u>
At 31 December 2023:							
Cost	133,780	114,521	15,653	8,712	7,031	—	279,697
Accumulated depreciation	(31,773)	(41,365)	(10,334)	(7,037)	(5,354)	—	(95,863)
Net carrying amount	<u>102,007</u>	<u>73,156</u>	<u>5,319</u>	<u>1,675</u>	<u>1,677</u>	<u>—</u>	<u>183,834</u>

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ACCOUNTANTS’ REPORT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024						
At 1 January 2024:						
Cost	133,780	114,521	15,653	8,712	7,031	279,697
Accumulated depreciation	(31,773)	(41,365)	(10,334)	(7,037)	(5,354)	(95,863)
Net carrying amount	<u>102,007</u>	<u>73,156</u>	<u>5,319</u>	<u>1,675</u>	<u>1,677</u>	<u>183,834</u>
At 1 January 2024, net of accumulated depreciation						
Additions	177	2,251	1,057	—	1,842	5,327
Disposals	—	(3,105)	(51)	(105)	—	(3,261)
Depreciation provided during the period	(6,362)	(10,550)	(2,859)	(934)	(905)	(21,610)
At 31 December 2024, net of accumulated depreciation	<u>95,822</u>	<u>61,752</u>	<u>3,466</u>	<u>636</u>	<u>2,614</u>	<u>164,290</u>
At 31 December 2024:						
Cost	133,957	111,412	16,534	8,317	8,873	279,093
Accumulated depreciation	(38,135)	(49,660)	(13,068)	(7,681)	(6,259)	(114,803)
Net carrying amount	<u>95,822</u>	<u>61,752</u>	<u>3,466</u>	<u>636</u>	<u>2,614</u>	<u>164,290</u>

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ACCOUNTANTS’ REPORT

	Buildings <i>RMB'000</i>	Machinery <i>RMB'000</i>	Office equipment and electronic devices <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
30 September 2025						
(unaudited)						
At 1 January 2025 :						
Cost	133,957	111,412	16,534	8,317	8,873	279,093
Accumulated depreciation	(38,135)	(49,660)	(13,068)	(7,681)	(6,259)	(114,803)
Net carrying amount	<u>95,822</u>	<u>61,752</u>	<u>3,466</u>	<u>636</u>	<u>2,614</u>	<u>164,290</u>
At 1 January 2025, net of accumulated depreciation						
Additions	—	855	1,062	—	709	2,626
Disposals	(437)	(3,476)	(21)	—	—	(3,934)
Depreciation provided during the period	(4,662)	(7,533)	(1,658)	(203)	(1,014)	(15,070)
Transfer to investment properties	(9,299)	—	—	—	—	(9,299)
At 30 September 2025, net of accumulated depreciation	<u>81,424</u>	<u>51,598</u>	<u>2,849</u>	<u>433</u>	<u>2,309</u>	<u>138,613</u>
At 30 September 2025 :						
Cost	120,967	105,889	17,565	8,317	9,582	262,320
Accumulated depreciation	(39,543)	(54,291)	(14,716)	(7,884)	(7,273)	(123,707)
Net carrying amount	<u>81,424</u>	<u>51,598</u>	<u>2,849</u>	<u>433</u>	<u>2,309</u>	<u>138,613</u>

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ACCOUNTANTS’ REPORT

14. INVESTMENT PROPERTIES

The Group and the Company

30 September 2025 (unaudited)

	Buildings RMB’000	Leasehold land RMB’000	Total RMB’000
At 1 January 2025:			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net carrying amount	<u>—</u>	<u>—</u>	<u>—</u>
At 1 January 2025, net of accumulated depreciation	—	—	—
Transfer from owner-occupied property	9,299	4,915	14,214
Depreciation provided during the period	(97)	(64)	(161)
At 30 September 2025, net of accumulated depreciation	<u>9,202</u>	<u>4,851</u>	<u>14,053</u>
At 30 September 2025:			
Cost	12,455	6,960	19,415
Accumulated depreciation	(3,253)	(2,109)	(5,362)
Net carrying amount	<u>9,202</u>	<u>4,851</u>	<u>14,053</u>

There were no items of investment properties pledged at the end of each of the Relevant Periods and 30 September 2025.

Fair value of the investment properties as at 30 September 2025 is RMB26 million.

The fair value of the Group’s investment properties at 30 September 2025 is determined by valuation conducted by external valuer. Under the valuation model, an income approach has been adopted for these industrial properties.

The income approach is based on the net rental income of these industrial properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases.

The fair value estimations for the self-owned properties (including the related leasehold land) were at Level 3 of the fair value hierarchy. There were no transfers of fair value measurements into or out of Level 3 during the nine months ended 30 September 2025.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the Historical Financial Information.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Lump sum payments were made upfront to acquire the leased land with useful lives of 20 years to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less or are individually of low value.

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ACCOUNTANTS’ REPORT

(a) *Right-of-use assets*

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

The Group

	Buildings <i>RMB’000</i>	Leasehold land <i>RMB’000</i>	Total <i>RMB’000</i>
As at 1 January 2023	—	30,025	30,025
Additions	41,083	—	41,083
Depreciation charge	(7,993)	(961)	(8,954)
Foreign exchange realignment	(672)	—	(672)
As at 31 December 2023 and 1 January 2024	32,418	29,064	61,482
Additions	666	—	666
Lease modification	19	—	19
Depreciation charge	(12,880)	(961)	(13,841)
Foreign exchange realignment	(985)	—	(985)
As at 31 December 2024 and 1 January 2025	19,238	28,103	47,341
Additions	15,496	—	15,496
Lease modification	102	—	102
Transfer to investment properties	—	(4,915)	(4,915)
Depreciation charge	(12,019)	(656)	(12,675)
Foreign exchange realignment	(722)	—	(722)
As at 30 September 2025 (unaudited)	<u>22,095</u>	<u>22,532</u>	<u>44,627</u>

The Company

	Leasehold land <i>RMB’000</i>
As at 1 January 2023	30,025
Depreciation charge	(961)
As at 31 December 2023 and 1 January 2024	29,064
Depreciation charge	(961)
As at 31 December 2024 and 1 January 2025	28,103
Transfer to investment properties	(4,915)
Depreciation charge	(656)
As at 30 September 2025 (unaudited)	<u>22,532</u>

The pledge status of leasehold land is disclosed in note 26 to the Historical Financial Information.

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ACCOUNTANTS’ REPORT

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(unaudited)
Carrying amount at the beginning of the year/period	—	34,507	19,702
Additions	41,083	666	15,496
Lease modification	—	19	102
Accretion of interest recognised during the year/period	962	1,094	639
Payments	(6,824)	(15,544)	(11,908)
Foreign exchange realignment	(714)	(1,040)	(753)
	<u>34,507</u>	<u>19,702</u>	<u>23,278</u>
Carrying amount at the end of the year/period	<u>34,507</u>	<u>19,702</u>	<u>23,278</u>
Analysed into:			
Current portion	14,625	13,895	15,058
Non-current portion	19,882	5,807	8,220
	<u>19,882</u>	<u>5,807</u>	<u>8,220</u>

The maturity analysis of lease liabilities is disclosed as follow:

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(unaudited)
Within one year	14,625	13,895	15,058
In the second year	14,047	5,807	5,446
In the third year	5,835	—	2,774
	<u>34,507</u>	<u>19,702</u>	<u>23,278</u>
Total	<u>34,507</u>	<u>19,702</u>	<u>23,278</u>

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ACCOUNTANTS’ REPORT

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

The Group

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Interest on lease liabilities	962	1,094	872	639
Depreciation charge of right-of-use assets	8,954	13,841	10,372	12,675
Expenses relating to short-term leases and low-value assets	1,171	169	73	71
	<u>11,087</u>	<u>15,104</u>	<u>11,317</u>	<u>13,385</u>
Total amount recognised in profit or loss	<u>11,087</u>	<u>15,104</u>	<u>11,317</u>	<u>13,385</u>

The Group and the Company as a lessor

The Group and the Company

The Group and the Company lease certain of its building units under operating lease arrangements since 2025. Leases for buildings were negotiated for terms of one to five years. Rental income recognised by the Group during the nine months ended 2025 was RMB389,000, details of which are included in note 5 to the Historical Financial Information.

As at 30 September 2025, the undiscounted lease payments receivable by the Group and the Company in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 30 September 2025 RMB'000 (unaudited)
Within one year	2,838
After one year but within two years	2,838
After two years but within three years	2,838
After three years but within four years	2,838
After four years	<u>2,449</u>
Total	<u>13,801</u>

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ACCOUNTANTS’ REPORT

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)
Investments in subsidiaries, at cost	20,744	49,890	49,890

Outstanding balances with subsidiaries:

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)
Amounts due from subsidiaries-trade in nature	78,352	311,372	335,820
Amounts due from subsidiaries-non-trade in nature	4,968	25,324	7,400
Total	83,320	336,696	343,220
Amounts due to subsidiaries- trade in nature	—	7,412	11,826
Amounts due to subsidiaries- non-trade in nature	—	4,990	29,340
Total	—	12,402	41,166

As at 31 December 2023, 2024 and 30 September 2025, all the non-trade balances due from or due to subsidiaries were non-interest-bearing, unsecured and repayable on demand.

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ACCOUNTANTS’ REPORT

17. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods and the nine months ended 30 September 2025 are as follows:

Deferred tax assets

	Deferred income <i>RMB'000</i>	Impairment provision <i>RMB'000</i>	Changes in fair value of financial assets/liabilities at fair value through profit or loss <i>RMB'000</i>	Unrealised profits on intra-group transactions <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	—	4,114	—	—	17,156	—	21,270
Deferred tax (charged)/credited to profit or loss during the year	—	(1,759)	47	360	(17,150)	583	(17,919)
Gross deferred tax assets at 31 December 2023	—	2,355	47	360	6	583	3,351
Deferred tax credited/(charged) to profit or loss during the year	175	1,247	(47)	2,486	45	66	3,972
Gross deferred tax assets at 31 December 2024	175	3,602	—	2,846	51	649	7,323
Deferred tax (charged)/credited to profit or loss during the period	(13)	(382)	29	354	2,424	(60)	2,352
Gross deferred tax assets at 30 September 2025 (unaudited)	162	3,220	29	3,200	2,475	589	9,675

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Deferred tax liabilities

	Right-of-use assets <i>RMB’000</i>	Changes in fair value of financial assets/liabilities at fair value through profit or loss <i>RMB’000</i>	Total <i>RMB’000</i>
At 1 January 2023	—	19	19
Deferred tax charged/(credited) to profit or loss during the year	<u>654</u>	<u>(19)</u>	<u>635</u>
Gross deferred tax liabilities at 31 December 2023	654	—	654
Deferred tax charged to profit or loss during the year	<u>63</u>	<u>41</u>	<u>104</u>
Gross deferred tax liabilities at 31 December 2024	717	41	758
Deferred tax credited to profit or loss during the period	<u>(63)</u>	<u>(41)</u>	<u>(104)</u>
Gross deferred tax liabilities at 30 September 2025 (unaudited)	<u><u>654</u></u>	<u><u>—</u></u>	<u><u>654</u></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2023 <i>RMB’000</i>	2024 <i>RMB’000</i>	As at 30 September 2025 <i>RMB’000</i> (unaudited)
Net deferred tax assets recognised in the consolidated statement of financial position	2,768	6,634	9,087
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u><u>71</u></u>	<u><u>69</u></u>	<u><u>66</u></u>

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ACCOUNTANTS’ REPORT

The Company

Deferred tax assets

	Deferred income RMB’000	Impairment provision RMB’000	Changes in fair value of financial assets/liabilities at fair value through profit or loss RMB’000	Tax losses RMB’000	Total RMB’000
At 1 January 2023	—	4,114	—	17,156	21,270
Deferred tax (charged)/credited to profit or loss during the year	—	(1,730)	47	(17,156)	(18,839)
Gross deferred tax assets at 31 December 2023	—	2,384	47	—	2,431
Deferred tax credited/(charged) to profit or loss during the year	175	1,292	(47)	—	1,420
Gross deferred tax assets at 31 December 2024	175	3,676	—	—	3,851
Deferred tax (charged)/credited to profit or loss during the period	(13)	(170)	28	1,490	1,335
Gross deferred tax assets at 30 September 2025 (unaudited)	162	3,506	28	1,490	5,186

Deferred tax liabilities

	Changes in fair value of financial assets/liabilities at fair value through profit or loss RMB’000
At 1 January 2023	19
Deferred tax credited to profit or loss during the year	(19)
Gross deferred tax liabilities at 31 December 2023	—
Deferred tax charged to profit or loss during the year	41
Gross deferred tax liabilities at 31 December 2024	41
Deferred tax credited to profit or loss during the period	(41)
Gross deferred tax liabilities at 30 September 2025 (unaudited)	—

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For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December 2023	2024	As at 30 September 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)
Net deferred tax assets recognised in the statement of financial position	2,431	3,810	5,186

18. INVENTORIES

The Group

	As at 31 December 2023	2024	As at 30 September 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)
Raw materials	59,514	111,789	94,908
Work in progress	22,628	41,205	20,235
Finished goods	95,189	172,433	93,054
	177,331	325,427	208,197
Less: Provision for inventories	(10,204)	(14,952)	(13,790)
Total	167,127	310,475	194,407

As at 31 December 2023, 2024 and 30 September 2025, inventories were stated at the lower of cost and net realisable value.

The Company

	As at 31 December 2023	2024	As at 30 September 2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> (unaudited)
Raw materials	48,414	57,227	51,874
Work in progress	7,524	2,820	2,896
Finished goods	98,465	46,363	19,543
	154,403	106,410	74,313
Less: Provision for inventories	(7,673)	(13,994)	(13,505)
Total	146,730	92,416	60,808

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19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Trade receivables	314,308	174,340	178,223
Commercial acceptance bills receivables	—	42	—
Impairment losses	(8,066)	(12,666)	(9,151)
	<u>314,308</u>	<u>174,382</u>	<u>178,223</u>
Net carrying amount	<u>306,242</u>	<u>161,716</u>	<u>169,072</u>

The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationship. The credit period is generally around 30 to 120 days. Each of these customers has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing. For the other customers, the Group normally demands payment in advance.

The pledge status of trade receivables is disclosed in note 26 to the Historical Financial Information.

An ageing analysis of the Group’s trade and bills receivables, based on the invoice date and net of loss allowance, as at the end of each of the Relevant Periods and 30 September 2025 is as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Within 1 year	305,667	161,461	168,759
1-2 years	355	29	237
2-3 years	220	226	76
	<u>306,242</u>	<u>161,716</u>	<u>169,072</u>
Total	<u>306,242</u>	<u>161,716</u>	<u>169,072</u>

The movements in the impairment of trade receivables are as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
At beginning of year/period	11,268	8,066	12,666
Impairment losses/(reversal of impairment losses), net	1,756	4,506	(197)
Amount written off	(5,149)	—	(3,197)
Foreign exchange realignment	191	94	(121)
	<u>8,066</u>	<u>12,666</u>	<u>9,151</u>
At end of year/period	<u>8,066</u>	<u>12,666</u>	<u>9,151</u>

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The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective assessment approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. 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.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
As at 31 December 2023					
<i>On a collective basis:</i>					
Expected credit loss rate	0.29%	6.33%	31.68%	100.00%	0.34%
Gross carrying amount (RMB’000)	306,567	379	322	4	307,272
Expected credit losses (RMB’000)	900	24	102	4	1,030
<i>On individual basis:</i>					
Expected credit loss rate					100%
Gross carrying amount (RMB’000)					7,036
Expected credit losses (RMB’000)					7,036
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
As at 31 December 2024					
<i>On collective basis:</i>					
Expected credit loss rate	1.02%	12.12%	21.80%	100.00%	1.18%
Gross carrying amount (RMB’000)	163,089	33	289	193	163,604
Expected credit losses (RMB’000)	1,670	4	63	193	1,930
<i>On individual basis:</i>					
Expected credit loss rate					100%
Gross carrying amount (RMB’000)					10,736
Expected credit losses (RMB’000)					10,736
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
As at 30 September 2025 (unaudited)					
<i>On collective basis:</i>					
Expected credit loss rate	0.84%	8.85%	17.39%	100.00%	1.01%
Gross carrying amount (RMB’000)	170,181	260	92	272	170,805
Expected credit losses (RMB’000)	1,422	23	16	272	1,733
<i>On individual basis:</i>					
Expected credit loss rate					100.00%
Gross carrying amount (RMB’000)					7,418
Expected credit losses (RMB’000)					7,418

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The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(unaudited)
Trade receivables	300,868	73,900	53,134
Commercial acceptance bills receivables	—	42	—
Impairment losses	(8,027)	(8,600)	(7,823)
	<u> </u>	<u> </u>	<u> </u>
Total	<u> 292,841 </u>	<u> 65,342 </u>	<u> 45,311 </u>

An ageing analysis of the Company’s trade and bills receivables, based on the invoice date and net of loss allowance, as at the end of each of the Relevant Periods and 30 September 2025 is as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(unaudited)
Within 1 year	292,266	65,071	44,997
1-2 years	355	30	237
2-3 years	220	241	77
	<u> </u>	<u> </u>	<u> </u>
Total	<u> 292,841 </u>	<u> 65,342 </u>	<u> 45,311 </u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(unaudited)
At beginning of year/period	11,268	8,027	8,600
Impairment losses/(reversal of impairment losses), net	1,717	480	(69)
Amount written off	(5,149)	—	(618)
Foreign exchange realignment	191	93	(90)
	<u> </u>	<u> </u>	<u> </u>
At end of year/period	<u> 8,027 </u>	<u> 8,600 </u>	<u> 7,823 </u>

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Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
As at 31 December 2023					
<i>On a collective basis:</i>					
Expected credit loss rate	0.29%	6.33%	31.68%	100.00%	0.34%
Gross carrying amount (RMB’000)	293,127	379	322	4	293,832
Expected credit losses (RMB’000)	861	24	102	4	991
<i>On individual basis:</i>					
Expected credit loss rate					100.00%
Gross carrying amount (RMB’000)					7,036
Expected credit losses (RMB’000)					7,036
As at 31 December 2024					
<i>On a collective basis:</i>					
Expected credit loss rate	0.79%	9.09%	16.61%	100.00%	1.15%
Gross carrying amount (RMB’000)	65,545	33	289	193	66,060
Expected credit losses (RMB’000)	516	3	48	193	760
<i>On individual basis:</i>					
Expected credit loss rate					100.00%
Gross carrying amount (RMB’000)					7,840
Expected credit losses (RMB’000)					7,840
As at 30 September 2025 (unaudited)					
<i>On a collective basis:</i>					
Expected credit loss rate	0.84%	8.85%	16.30%	100.00%	1.50%
Gross carrying amount (RMB’000)	45,378	260	92	272	46,002
Expected credit losses (RMB’000)	381	23	15	272	691
<i>On individual basis:</i>					
Expected credit loss rate					100.00%
Gross carrying amount (RMB’000)					7,132
Expected credit losses (RMB’000)					7,132

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
			(unaudited)
Current:			
Prepayments	15,289	6,739	10,055
Other tax recoverable	18,570	13,472	3,150
Insurance indemnity	927	4,969	1,560
Value-added-tax recoverable	79	—	4,136
Other receivables	170	178	851
	<u>35,035</u>	<u>25,358</u>	<u>19,752</u>
Subtotal			
Non-current:			
Deposits and other receivables	5,724	7,028	6,747
Prepayments for long-term assets	1,948	4,551	2,767
	<u>7,672</u>	<u>11,579</u>	<u>9,514</u>
Impairment allowance	(52)	(60)	(102)
Subtotal	<u>7,620</u>	<u>11,519</u>	<u>9,412</u>
Total	<u>42,655</u>	<u>36,877</u>	<u>29,164</u>

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At the end of each of the Relevant Periods and 30 September 2025, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each reporting period. As at 31 December 2023 and 2024 and 30 September 2025, the loss allowance was assessed to be minimal.

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(unaudited)
Current:			
Prepayments	13,305	2,963	5,486
Other tax recoverable	13,881	4,953	3,150
Insurance indemnity	891	1,309	622
Value-added-tax recoverable	—	—	571
Other receivables	170	61	320
	<u>28,247</u>	<u>9,286</u>	<u>10,149</u>
Subtotal			
Non-current:			
Other receivables	54	54	14
Prepayments for long-term assets	1,946	1,238	1,260
	<u>2,000</u>	<u>1,292</u>	<u>1,274</u>
Subtotal			
Total	<u><u>30,247</u></u>	<u><u>10,578</u></u>	<u><u>11,423</u></u>

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21. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Financial assets at fair value through profit or loss:			
Structured deposits	30,000	20,000	10,000
Wealth management products	85,000	20,000	—
Treasury bonds	—	—	14,993
Derivative financial assets	146	272	—
	<u>115,146</u>	<u>40,272</u>	<u>24,993</u>

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	459	—	177
	<u>459</u>	<u>—</u>	<u>177</u>

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	459	—	171
	<u>459</u>	<u>—</u>	<u>171</u>

The structured deposits and wealth management products were issued by banks. These financial assets and treasury bonds were mandatorily classified as financial assets/liabilities at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Derivative financial instruments, including forward currency contracts, foreign currency swaps and foreign exchange European options, were classified as financial assets/liabilities at fair value through profit or loss as they were held for trading.

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22. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Cash and bank balances	142,608	214,950	229,534
Time deposits	97,566	17,563	17,755
Subtotal	240,174	232,513	247,289
Less:			
Time deposits:			
Pledged time deposits for bank loans and bank acceptance bills	97,566	10,117	—
Non-pledged time deposits with original maturity of more than three months when acquired	—	7,446	15,427
Restricted cash:			
Restricted bank balances for bank acceptance bills	46,621	101,730	52,138
Restricted bank balances for other purposes	349	888	1,095
Cash and cash equivalents	95,638	112,332	178,629
Cash and cash equivalents			
Denominated in RMB	35,247	18,400	31,319
Denominated in USD	59,983	88,680	142,726
Denominated in other foreign currencies	408	5,252	4,584
Total	95,638	112,332	178,629
Pledged time deposits			
Denominated in RMB	79,859	10,117	—
Denominated in USD	17,707	—	—
Total	97,566	10,117	—
Time deposits			
Denominated in USD	—	7,446	15,427
Total	—	7,446	15,427
Restricted cash			
Denominated in RMB	46,621	101,730	52,138
Denominated in other foreign currencies	349	888	1,095
Total	46,970	102,618	53,233

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The RMB is not freely convertible into other currencies, however, under the Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB 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 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.

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (unaudited)
Cash and bank balances	126,727	64,130	45,095
Time deposits	97,566	10,117	2,328
	<u>224,293</u>	<u>74,247</u>	<u>47,423</u>
Subtotal			
Less:			
Time deposits:			
Pledged time deposits for bank loans and bank acceptance bills	97,566	10,117	—
Restricted cash:			
Restricted bank balances for bank acceptance bills	46,621	30,249	19,247
	<u>46,621</u>	<u>30,249</u>	<u>19,247</u>
Cash and cash equivalents	<u>80,106</u>	<u>33,881</u>	<u>28,176</u>

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	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
			(unaudited)
Cash and cash equivalents			
Denominated in RMB	25,104	11,582	13,420
Denominated in USD	55,002	21,871	12,287
Denominated in other foreign currencies	—	428	2,469
Total	<u>80,106</u>	<u>33,881</u>	<u>28,176</u>
Pledged time deposits			
Denominated in RMB	79,859	10,117	—
Denominated in USD	17,707	—	—
Total	<u>97,566</u>	<u>10,117</u>	<u>—</u>
Restricted cash			
Denominated in RMB	46,621	30,249	19,247
Total	<u>46,621</u>	<u>30,249</u>	<u>19,247</u>

23. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each Relevant Periods and 30 September 2025, based on the invoice date, is as follows:

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
			(unaudited)
Within 1 year	604,856	507,707	367,945
Over 1 year	6,036	618	2,522
Total	<u>610,892</u>	<u>508,325</u>	<u>370,467</u>

The trade and bills payables are non-interest-bearing and are normally settled within 180 days upon receipt of the VAT invoice.

The Group entered into supplier finance arrangements with Industrial and Commercial Bank of China (“ICBC”), China Construction Bank (“CCB”), Agricultural Bank of China (“ABC”), Bank of Shanghai (“BOS”) and Bank of China (“BOC”), collectively as the “Finance Providers”. Pursuant to the arrangements, Finance Providers provided factoring on the trade receivables of the Group’s suppliers with a total credit limit up to RMB570 million, as at 30 September 2025. These arrangements provide the Group with extended payment terms, compared to the related invoice payment due date.

Under these supplier finance arrangements, the Group’s suppliers that participate in the supplier finance arrangements will receive payments at the original due dates from the Finance Providers. The Group subsequently made payments to the Finance Providers to settle the receivables with extended payment term. The credit periods of above supplier finance arrangements are usually not more than 6 months.

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The financial liabilities that are part of the supplier finance arrangements are included in trade and bills payables.

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of financial liabilities that are part of the supplier finance arrangements included in			(unaudited)
Trade and bills payables	85,263	159,065	166,520
Of which suppliers have received payments	79,966	133,521	119,724

For financial liabilities that are part of the supplier finance arrangements included in trade and bills payables, there were no significant non-cash changes in the carrying amounts of these financial liabilities.

The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	598,931	389,215	307,276
Over 1 year	6,036	618	2,522
Total	604,967	389,833	309,798

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			(unaudited)
Payroll and welfare payable	21,613	18,040	14,155
Other tax payables	1,861	956	579
Other payables	95,717	113,832	74,243
Subtotal	119,191	132,828	88,977
Non-current:			
Other payables	6,626	1,882	—
Subtotal	6,626	1,882	—
Total	125,817	134,710	88,977

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The Company

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)
Current:			
Payroll and welfare payable	21,148	15,723	11,344
Other tax payables	1,901	3,290	3,308
Other payables	91,780	76,888	43,992
	<u>114,829</u>	<u>95,901</u>	<u>58,644</u>
Subtotal			
Non-current:			
Other payables	6,626	1,882	—
	<u>6,626</u>	<u>1,882</u>	<u>—</u>
Subtotal			
	<u>6,626</u>	<u>1,882</u>	<u>—</u>
Total	<u>121,455</u>	<u>97,783</u>	<u>58,644</u>

Other payables are non-interest-bearing, unsecured and repayable on demand.

25. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December		As at 30
	2023	2023	2024	September
	RMB'000	RMB'000	RMB'000	2025 RMB'000 (unaudited)
Contract liabilities	6,194	15,203	4,137	11,946
	<u>6,194</u>	<u>15,203</u>	<u>4,137</u>	<u>11,946</u>

Contract liabilities include advances received from customers for sales of products. The increase/decrease in contract liabilities during the Relevant Periods and the nine months ended 30 September 2025 was mainly due to the increase/decrease in short-term advances received from customers in relation to the sales of products.

The Company

	As at 1 January	As at 31 December		As at 30
	2023	2023	2024	September
	RMB'000	RMB'000	RMB'000	2025 RMB'000 (unaudited)
Contract liabilities	6,194	4,932	3,318	7,287
	<u>6,194</u>	<u>4,932</u>	<u>3,318</u>	<u>7,287</u>

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26. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 30 September 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000 (unaudited)
Current									
Bank borrowings — secured	3.05-6.55	2024	151,694	2.80-6.80	2025	132,997	2.18-6.80	2025-2026	113,038
Current portion of long-term bank borrowings — secured	3.50-3.70	2024	15,636	3.45-3.50	2025	6,628	3.45-3.50	2026	6,620
Total current			167,330			139,625			119,658
Non-current									
Bank borrowings — secured	3.50-3.70	2025-2028	29,680	3.45-3.50	2026-2028	23,080	3.45-3.50	2027-2028	16,480
Total			197,010			162,705			136,138

	As at 31 December 2023		As at 31 December 2024		As at 30 September 2025	
	RMB'000		RMB'000		RMB'000	(unaudited)
Analysed into:						
Bank borrowings repayable:						
Within one year		167,330		139,625		119,658
In the second year		6,600		6,600		7,928
In the third to fifth years, inclusive		23,080		16,480		8,552
Total		197,010		162,705		136,138

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Group’s time deposits with carrying values of approximately RMB20,000,000, RMB10,000,000 and nil as at 31 December 2023 and 2024 and 30 September 2025, respectively.

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Group’s buildings and machinery with carrying values of approximately RMB88,861,000, RMB119,554,000 and RMB110,738,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Group’s leasehold land with carrying values of approximately RMB23,542,000, RMB22,964,000 and RMB 22,531,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

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Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Group’s trade receivables with carrying values of approximately RMB80,842,000, RMB58,972,000 and RMB55,214,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

As at 31 December 2023 and 2024, certain of the Group’s interest-bearing bank borrowings are secured by the underlying interest from the personal insurance of Mr. Yao Yong, the Executive Director of the Company.

As at 31 December 2023, 2024 and 30 September 2025, Mr. Yao Yong, Mr. Yao Zhongxing, Ms. Ding Yaqin and Changzhou Zhongxin Holdings Co., Ltd. provided guarantees for the Group’s interest-bearing bank borrowings free of charge.

The Company

	As at 31 December 2023			As at 31 December 2024			As at 30 September 2025		
	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000	Effective interest rate (%)	Maturity	RMB’000
Current									
Bank borrowings — secured	3.25-6.55	2024	141,794	2.80-6.80	2025	106,490	2.18-6.80	2025-2026	93,658
Current portion of long-term bank borrowings — secured	3.50-3.70	2024	15,636	3.45-3.50	2025	6,629	3.45-3.50	2026	6,620
Total current			157,430			113,119			100,278
Non-current									
Bank borrowings — secured	3.50-3.70	2025-2028	29,680	3.45-3.50	2026-2028	23,080	3.45-3.50	2027-2028	16,480
Total			187,110			136,199			116,758

	As at 31 December 2023		As at 31 December 2024		As at 30 September 2025	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Analysed into:						
Bank borrowings repayable:						
Within one year		157,430		113,119		100,278
In the second year		6,600		6,600		7,928
In the third to fifth years, inclusive		23,080		16,480		8,552
Total		187,110		136,199		116,758

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Company’s time deposits with carrying values of approximately RMB10,000,000, RMB10,000,000 and nil as at 31 December 2023 and 2024 and 30 September 2025, respectively.

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Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Company’s buildings and machinery with carrying values of approximately RMB88,861,000, RMB119,554,000 and RMB110,738,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Company’s leasehold land with carrying values of approximately RMB23,542,000, RMB22,964,000 and RMB22,531,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

Certain of the Group’s interest-bearing bank borrowings are secured by the pledges of the Company’s trade receivables with carrying values of approximately RMB80,842,000, RMB58,972,000 and RMB55,214,000 as at 31 December 2023 and 2024 and 30 September 2025, respectively.

As at 31 December 2023 and 2024, certain of the Company’s interest-bearing bank borrowings are secured by the underlying interest from the personal insurance of Mr. Yao Yong, the Executive Director of the Company.

As at 31 December 2023, 2024 and 30 September 2025, Mr. Yao Yong, Mr. Yao Zhongxing, Ms. Ding Yaqin and Changzhou Zhongxin Holdings Co., Ltd. provided guarantees for the Company’s interest-bearing bank borrowings free of charge.

27. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
			(unaudited)
Issued and fully paid:			
Share capital (Ordinary shares: 90,416,000 with par value of RMB1.00 each)	90,416	90,416	90,416

There is no movement of share capital during the Relevant Periods and the nine months ended 30 September 2025.

28. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods and the nine months ended 30 September 2025 are presented in the consolidated statements of changes in equity.

(i) Capital reserve

Capital reserve represents the capital contributed by the equity holders in excess of the then paid in registered capital.

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(ii) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the Company established in the PRC, the Company is required to appropriate 10% of its net profits after tax, as determined under China Accounting Standards for Business Enterprises, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Company. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods and the nine months ended 30 September 2025 are presented as follows:

	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	(Accumulated losses)/retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	2,336	3,232	(25,755)	(20,187)
Profit for the year	—	—	137,202	137,202
Total comprehensive income for the year	—	—	137,202	137,202
Appropriation to statutory surplus reserve	—	11,145	(11,145)	—
At 31 December 2023	<u>2,336</u>	<u>14,377</u>	<u>100,302</u>	<u>117,015</u>
	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	2,336	14,377	100,302	117,015
Profit for the year	—	—	19,697	19,697
Total comprehensive income for the year	—	—	19,697	19,697
Appropriation to statutory surplus reserve	—	1,970	(1,970)	—
At 31 December 2024	<u>2,336</u>	<u>16,347</u>	<u>118,029</u>	<u>136,712</u>
	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	2,336	16,347	118,029	136,712
Profit for the period (unaudited)	—	—	3,927	3,927
Total comprehensive income for the period (unaudited)	—	—	3,927	3,927
At 30 September 2025 (unaudited)	<u>2,336</u>	<u>16,347</u>	<u>121,956</u>	<u>140,639</u>

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29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and nine months ended 30 September 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB41,083,000, RMB666,000 and RMB15,496,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	184,250	—	184,250
Changes from financing cash flows	5,165	(6,824)	(1,659)
New leases	—	41,083	41,083
Interest expense	9,374	962	10,336
Interest capitalised	255	—	255
Foreign exchange realignment	(2,034)	(714)	(2,748)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	197,010	34,507	231,517
Changes from financing cash flows	(44,702)	(15,544)	(60,246)
New leases	—	666	666
Interest expense	9,088	1,094	10,182
Foreign exchange realignment	1,309	(1,040)	269
Lease modification	—	19	19
	<hr/>	<hr/>	<hr/>
At 31 December 2024	162,705	19,702	182,407
Changes from financing cash flows (unaudited)	(28,111)	(11,908)	(40,019)
New leases (unaudited)	—	15,496	15,496
Interest expense (unaudited)	2,365	639	3,004
Foreign exchange realignment (unaudited)	(821)	(753)	(1,574)
Lease modification (unaudited)	—	102	102
	<hr/>	<hr/>	<hr/>
At 30 September 2025 (unaudited)	<u>136,138</u>	<u>23,278</u>	<u>159,416</u>
At 1 January 2024	197,010	34,507	231,517
Changes from financing cash flows (unaudited)	(42,364)	(11,362)	(53,726)
New leases (unaudited)	—	665	665
Interest expense (unaudited)	7,326	872	8,198
Foreign exchange realignment (unaudited)	(1,490)	(451)	(1,941)
	<hr/>	<hr/>	<hr/>
At 30 September 2024 (unaudited)	<u>160,482</u>	<u>24,231</u>	<u>184,713</u>

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(c) **Total cash outflow for leases**

The total cash outflow for leases included in the statements of cash flows is as follows:

	As at 31 December		As at 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Within operating activities	1,171	169	73	71
Within financing activities	6,824	15,544	11,362	11,908
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>7,995</u>	<u>15,713</u>	<u>11,435</u>	<u>11,979</u>

30. COMMITMENTS

The Group had the following capital commitments at the end of each Relevant Periods and 30 September 2025:

	As at 31 December		As at 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Contracted, but not provided for:				
Property, plant and equipment	67,481	36,290	43,298	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

31. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in this report, the Group had the following transactions with related parties during the Relevant Periods:

Compensation of key management personnel of the Group

	Year ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	(unaudited)
Salaries, bonuses, allowances and benefits in kind and bonuses	4,563	4,622	2,966	4,355
Pension scheme contributions and social welfare	350	361	272	274
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	<u>4,913</u>	<u>4,983</u>	<u>3,238</u>	<u>4,629</u>

Further details of directors’ emoluments are included in note 8 to Historical Financial Information.

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32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each categories of financial instruments as at the end of each of the Relevant Periods and 30 September 2025 are as follows:

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss RMB’000	Financial assets at amortised cost RMB’000
Financial assets included in prepayments, other receivables and other assets	—	6,769
Trade and bills receivables	—	306,242
Financial assets at fair value through profit or loss	115,146	—
Time deposits	—	97,566
Restricted cash	—	46,970
Cash and cash equivalents	—	95,638
	<hr/>	<hr/>
Total	<u>115,146</u>	<u>553,185</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB’000	Financial liabilities at amortised cost RMB’000
Trade and bills payables	—	610,892
Financial liabilities included in other payables and accruals	—	102,343
Interest-bearing bank and other borrowings	—	197,010
Financial liabilities at fair value through profit or loss	459	—
	<hr/>	<hr/>
Total	<u>459</u>	<u>910,245</u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost RMB’000
Financial assets included in prepayments, other receivables and other assets	—	12,115
Trade and bills receivables	—	161,716
Financial assets at fair value through profit or loss	40,272	—
Time deposits	—	17,563
Restricted cash	—	102,618
Cash and cash equivalents	—	112,332
	<hr/>	<hr/>
Total	<u>40,272</u>	<u>406,344</u>

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Financial liabilities

	Financial liabilities at amortised cost <i>RMB’000</i>
Trade and bills payables	508,325
Financial liabilities included in other payables and accruals	115,714
Interest-bearing bank borrowings	162,705
	<hr/>
Total	786,744
	<hr/> <hr/>

As at 30 September 2025 (unaudited)

Financial assets

	Financial assets at fair value through profit or loss <i>RMB’000</i> (unaudited)	Financial assets at amortised cost <i>RMB’000</i> (unaudited)
Financial assets included in prepayments, other receivables and other assets	—	9,056
Trade and bills receivables	—	169,072
Financial assets at fair value through profit or loss	24,993	—
Time deposits	—	15,427
Restricted cash	—	53,233
Cash and cash equivalents	—	178,629
	<hr/>	<hr/>
Total	24,993	425,417
	<hr/> <hr/>	<hr/> <hr/>

Financial liabilities

	Financial liabilities at fair value through profit or loss <i>RMB’000</i> (unaudited)	Financial liabilities at amortised cost <i>RMB’000</i> (unaudited)
Trade and bills payables	—	370,467
Financial liabilities included in other payables and accruals	—	74,243
Interest-bearing bank borrowings	—	136,138
Financial liabilities at fair value through profit or loss	177	—
	<hr/>	<hr/>
Total	177	580,848
	<hr/> <hr/>	<hr/> <hr/>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023 and 2024 and 30 September 2025, the fair values of the Group’s financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, trade and bills payables, the current portion of financial assets included in prepayments, other receivables and other assets, short-term interest-bearing bank borrowings, the current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings and other payables and accruals 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 Group’s own non-performance risk for interest-bearing bank borrowings and other payables and accruals as at 31 December 2025 were assessed to be insignificant.

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits and wealth management products issued by banks, and treasury bonds. The Group has estimated the fair value of them using a market-based valuation technique based on assumptions. Since the historical actual returns are consistent with expected returns, the Group measures the fair value of them classified as trading financial assets using the expected rate of return and the investment period.

Derivative financial instruments, including forward currency contracts, foreign currency swaps and foreign exchange European options, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, foreign currency swaps and foreign exchange European option are approximate to their fair values.

Fair value hierarchy

The carrying amounts and fair values of the Group’s financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Assets measured at fair value:

As at 31 December 2023

	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	—	115,146		—
		<u>—</u>	<u>115,146</u>		<u>—</u>

As at 31 December 2024

	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	—	40,272		—
		<u>—</u>	<u>40,272</u>		<u>—</u>

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As at 30 September 2025 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
Level 1	Level 2	Level 3		
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	24,993	—	24,993

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
Level 1	Level 2	Level 3		
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss	—	459	—	459

As at 30 September 2025 (unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
Level 1	Level 2	Level 3		
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at fair value through profit or loss	—	177	—	177

During the Relevant Periods and the nine months ended 30 September 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long-term debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit before tax:

	Increase/(decrease) in basis points	(Decrease)/increase in profit before tax <i>RMB’000</i>
Year ended 31 December 2023		
RMB	100	(439)
RMB	(100)	439
Year ended 31 December 2024		
RMB	100	(434)
RMB	(100)	434
Nine months ended 30 September 2025 (unaudited)		
RMB	100	(194)
RMB	(100)	194

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit’s functional currencies.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s profit for the year/period (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	Increase/ (decrease) in RMB/USD rate %	Increase/ (decrease) in profit for the year/period <i>RMB’000</i>	Increase/ (decrease) in equity <i>RMB’000</i>
Year ended 31 December 2023			
If RMB weakens against USD	(1)	3,385	3,385
If RMB strengthens against USD	1	(3,385)	(3,385)
Year ended 31 December 2024			
If RMB weakens against USD	(1)	2,684	2,684
If RMB strengthens against USD	1	(2,684)	(2,684)
Nine months ended 30 September 2025 (unaudited)			
If RMB weakens against USD	(1)	3,112	3,112
If RMB strengthens against USD	1	(3,112)	(3,112)

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Credit risk

The Group only offers credit terms to recognised and creditworthy customers. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the 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 the end of each Relevant Periods and 30 September 2025.

As at 31 December 2023

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB’000	RMB’000	RMB’000		RMB’000	RMB’000
Trade and bills receivables*	—	—	—		314,308	314,308
Financial assets included in prepayments, other receivables and other assets						
— Normal**	6,821	—	—		—	6,821
Time deposits						
— Not yet past due	97,566	—	—		—	97,566
Restricted cash						
— Not yet past due	46,970	—	—		—	46,970
Cash and cash equivalents						
— Not yet past due	95,638	—	—		—	95,638
Total	246,995	—	—		314,308	561,303

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Simplified approach	Total
	Stage 1	Stage 2	Stage 3			
	RMB’000	RMB’000	RMB’000		RMB’000	RMB’000
Trade and bills receivables*	42	—	—		174,340	174,382
Financial assets included in prepayments, other receivables and other assets						
— Normal**	12,175	—	—		—	12,175
Time deposits						
— Not yet past due	17,563	—	—		—	17,563
Restricted cash						
— Not yet past due	102,618	—	—		—	102,618
Cash and cash equivalents						
— Not yet past due	112,332	—	—		—	112,332
Total	244,730	—	—		174,340	419,070

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As at 30 September 2025 (unaudited)

	12-month ECLs		Lifetime ECLs		Simplified approach RMB’000	Total RMB’000
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000			
Trade and bills receivables*	—	—	—		178,223	178,223
Financial assets included in prepayments, other receivables and other assets						
— Normal**	9,158	—	—		—	9,158
Time deposits						
— Not yet past due	15,427	—	—		—	15,427
Restricted cash						
— Not yet past due	53,233	—	—		—	53,233
Cash and cash equivalents						
— Not yet past due	178,629	—	—		—	178,629
Total	256,447	—	—		178,223	434,670

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is 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”.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at the end of each of the Relevant Periods and 30 September 2025, the Group had certain concentrations of credit risk as 66%, 31%, 13% and 86%, 66%, 48% of the Group’s trade receivables were due from the Group’s largest customer and five largest customers, respectively.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods and 30 September 2025, based on the contractual undiscounted payments, is as follows:

	2023			Total RMB’000
	Within 1 year or on demand RMB’000	1 to 2 years RMB’000	2 to 5 years RMB’000	
Interest-bearing bank borrowings	169,691	6,890	26,119	202,700
Trade and bills payables	610,892	—	—	610,892
Financial liabilities included in other payables and accruals	95,717	4,744	1,882	102,343
Lease liabilities	15,767	14,726	5,889	36,382
Total	892,067	26,360	33,890	952,317

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	2024			Total RMB’000
	Within 1 year or on demand RMB’000	1 to 2 years RMB’000	2 to 5 years RMB’000	
Interest-bearing bank and other borrowings	144,171	6,828	17,617	168,616
Trade and bills payables	508,325	—	—	508,325
Financial liabilities included in other payables and accruals	113,832	1,882	—	115,714
Lease liabilities	14,569	5,862	—	20,431
Total	780,897	14,572	17,617	813,086

	30 September 2025			Total RMB’000 (unaudited)
	Within 1 year or on demand RMB’000 (unaudited)	1 to 2 years RMB’000 (unaudited)	2 to 5 years RMB’000 (unaudited)	
Interest-bearing bank and other borrowings	121,506	8,210	8,856	138,572
Trade and bills payables	381,501	—	—	381,501
Financial liabilities included in other payables and accruals	74,243	—	—	74,243
Lease liabilities	15,443	5,565	2,783	23,791
Total	592,693	13,775	11,639	618,107

Capital management

The primary objectives of the Group’s capital management are to safeguard the 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 Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. The 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 and the nine months ended 30 September 2025.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December 2023, 2024 and 30 September 2025, the Group’s debt-to-asset ratios were 83%, 77% and 67%, respectively.

35. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company or by the Group after 30 September 2025.

36. SUBSEQUENT FINANCIAL STATEMENTS

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