The following is the text of a report set out on pages IA-1 to IA-[●], received from the Target Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SHANGHAI CELLUDYE IMAGING COLORANTS LTD. AND ITS SUBSIDIARY TO THE DIRECTORS OF SHENZHEN HOSONSOFT CO., LTD. AND SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of 上海色如丹數碼科技股份有限公司 (Shanghai Celludye Imaging Colorants Ltd., being translation for identification purpose only, formerly known as "上海色如丹染料化工有限公司") ("the Target Company") and its subsidiary (together, "the Target Group") set out on pages IA-[●] to IA-[●], which comprises the consolidated statements of financial position of the Target Group as at December 31, 2023 and 2024 and August 31, 2025, the statements of financial position of the Target Company as at December 31, 2023 and 2024 and August 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the two years ended December 31, 2024 and the eight months ended August 31, 2025 (the "Relevant Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-[●] to IA-[●] forms an integral part of this report, which has been prepared for inclusion in the document of Shenzhen Hosonsoft Co., Ltd. (the "Company") dated [●] (the "Document") in connection with the [**REDACTED**] of H 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 Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Document in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

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" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 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 of the Target Company, 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 purpose of the accountants' report, a true and fair view of the Target Group's financial position as at December 31, 2023 and 2024 and August 31, 2025, of the Target Company's financial position as at December 31, 2023 and 2024 and August 31, 2025 and of the Target Group's financial performance and cash flows for the Relevant Period in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the eight months ended August 31, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 International Standards on Auditing ("ISAs") 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 Stub Period Comparative 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 1 to the Historical Financial Information.

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 IA-[●] have been made.

Dividend

We refer to Note 12 to the Historical Financial Information which contains information about the dividend declared and paid by the Target Company in respect of the Relevant Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Target Group for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which confirm with the IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with ISAs issued by IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Target Company and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		Eight months ended August 31,	
	NOTES	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue	*5*	143,941	171,990	110,005	148,691
Cost of sales		(84,896)	(93,674)	(60,007)	(80,948)
Gross profit		59,045	78,316	49,998	67,743
Administrative expenses		(12,321)	(12,039)	(7,600)	(7,192)
Research and development expenses		(10,518)	(10,518)	(5,576)	(5,939)
Selling and distribution expenses		(996)	(1,212)	(614)	(1,008)
Finance costs	*6*	(8,640)	(1,133)	(778)	(188)
Other income, expenses, gains and losses, net	*7*	4,343	4,031	978	2,551
Impairment losses under expected credit loss ("ECL") model, net of reversal	*8*	720	(84)	(547)	(1,031)
Profit before tax		31,633	57,361	35,861	54,936
Income tax expense	*9*	(2,523)	(7,451)	(5,162)	(7,873)
Profit and total comprehensive income for the year/period:		29,110	49,910	30,699	47,063

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		As at August 31,
	NOTES	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*13*	130,029	119,884	113,817
Right-of-use assets	*14*	22,620	22,460	22,011
Intangible assets	*15*	717	845	765
Deferred tax assets	*16*	337	131	348
Other receivables, prepayments and deposits	*19*	84	–	–
Total Non-current Assets		**153,787**	**143,320**	**136,941**
Current Assets				
Inventories	*17*	46,645	49,562	51,299
Trade and bills receivables	*18*	18,021	26,007	50,263
Other receivables, prepayments and deposits	*19*	13,873	4,642	4,315
Tax recoverable		1,578	–	–
Financial assets at fair value through profit and loss ("FVTPL")	*20*	28,447	55,740	70,502
Amount due from a shareholder	*21(a)*	2	107	195
Pledged bank deposits	*22*	–	19,715	17,636
Cash and cash equivalents	*22*	36,166	51,141	160,134
Total Current Assets		**144,732**	**206,914**	**354,344**
Current Liabilities				
Trade and other payables	*23*	11,357	29,402	150,279
Amount due to a shareholder	*21(b)*	–	546	452
Tax payable		–	1,995	1,301
Bank borrowings	*24*	19,056	9,055	–
Lease liabilities	*25*	–	158	161
Contract liabilities	*26*	146	48	3,354
Deferred income		–	–	1,078
Total Current Liabilities		**30,559**	**41,204**	**156,625**
Net Current Assets		**114,173**	**165,710**	**197,719**
Total Assets less Current Liabilities		**267,960**	**309,030**	**334,660**
Non-current Liabilities				
Bank borrowings	*24*	29,434	20,375	100
Deferred income		1,078	1,078	–
Lease liabilities		–	219	139
Total Non-current Liabilities		**30,512**	**21,672**	**239**
Net Assets		**237,448**	**287,358**	**334,421**
Capital and Reserves				
Share capital	*28(a)*	42,950	42,950	52,494
Reserves		194,498	244,408	281,927
Total Equity		**237,448**	**287,358**	**334,421**

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at December 31,		As at August 31,
	NOTES	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*13*	15,794	9,593	8,672
Right-of-use assets	*14*	5,317	5,122	5,023
Intangible assets	*15*	278	240	214
Investment in a subsidiary		110,000	110,000	110,000
Other receivables, prepayments and deposits	*19*	84	–	–
Total Non-current Assets		**131,473**	**124,955**	**123,909**
Current Assets				
Inventories	*17*	12,879	121	–
Trade and bills receivables	*18*	12,472	855	2,446
Other receivables, prepayments and deposits	*19*	113	67	92
Tax recoverable		1,578	–	–
Financial assets at FVTPL	*20*	28,447	55,740	70,502
Amount due from a shareholder	*21(a)*	2	18	100
Amount due from a subsidiary	*21(c)*	29,560	54,662	17,704
Pledged bank deposits	*22*	–	5,000	3,000
Cash and cash equivalents	*22*	28,488	10,106	142,947
Total Current Assets		**113,539**	**126,569**	**236,791**
Current Liabilities				
Trade and other payables	*23*	3,388	7,018	112,241
Tax payable		–	874	874
Bank borrowings	*24*	10,000	–	–
Amount due to a shareholder	*21(b)*	–	420	340
Deferred income		–	–	1,078
Amount due to a subsidiary	*21(d)*	1,200	8,294	12,838
Total Current Liabilities		**14,588**	**16,606**	**127,371**
Net Current Assets		**98,951**	**109,963**	**109,420**
Total Assets less Current Liabilities		**230,424**	**234,918**	**233,329**
Non-current Liability				
Deferred income		1,078	1,078	–
Total Non-current Liability		**1,078**	**1,078**	**–**
Net Assets		**229,346**	**233,840**	**233,329**
Capital and Reserves				
Share capital	*28(a)*	42,950	42,950	52,494
Reserves	*28(b)*	186,396	190,890	180,835
Total Equity		**229,346**	**233,840**	**233,329**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserve	Statutory reserve	Safety production fund reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000* (*note iii*)	*RMB'000* (*note i*)	*RMB'000* (*note ii*)	*RMB'000*	*RMB'000*
At January 1, 2023	47,831	99,535	4,881	19,489	6	116,477	288,219
Profit and total comprehensive income for the year	–	–	–	–	–	29,110	29,110
Recognition of redemption liabilities *(Note 28)*	–	–	(79,881)	–	–	–	(79,881)
Repurchase and cancellation of shares *(Note 28)*	(4,881)	4,881	–	–	–	–	–
Provision of safety fund surplus reserve	–	–	–	–	388	(388)	–
Transfer to statutory reserve	–	–	–	1,986	–	(1,986)	–
At December 31, 2023	42,950	104,416	(75,000)	21,475	394	143,213	237,448
Profit and total comprehensive income for the year	–	–	–	–	–	49,910	49,910
Provision of safety fund surplus reserve	–	–	–	–	827	(827)	–
At December 31, 2024	42,950	104,416	(75,000)	21,475	1,221	192,296	287,358
Profit and total comprehensive income for the period	–	–	–	–	–	47,063	47,063
Issuance of shares to the Company *(Note 28)*	9,544	110,456	–	–	–	–	120,000
Provision of safety fund surplus reserve	–	–	–	–	1,615	(1,615)	–
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	(120,000)	(120,000)
At August 31, 2025	52,494	214,872	(75,000)	21,475	2,836	117,744	334,421
At December 31, 2023	42,950	104,416	(75,000)	21,475	394	143,213	237,448
Profit and total comprehensive income for the period	–	–	–	–	–	30,699	30,699
Provision of safety fund surplus reserve	–	–	–	–	685	(685)	–
At August 31, 2024 (unaudited)	42,950	104,416	(75,000)	21,475	1,079	173,227	268,147

Notes:

(i) It represents the statutory reserve of certain entities comprising the Target Group in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, the PRC entities established comprising the Target Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividend to shareholders. Upon approval by relevant authorities, the statutory reserve can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the Target Company.

(ii) Pursuant to certain regulations issued by the MOF and the State Administration of Work Safety, the Target Group is required to set aside from profit after tax an amount to a legal reserve at different rates ranging from 0.20% to 4.50% of the total revenue. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are expenses in nature and charged to the consolidated statements of profit or loss as incurred, and at the same time the corresponding amounts of safety reserve fund were utilised and transferred back to retained profits until such special reserve is fully utilised.

(iii) The other reserves as at January 1, 2023 represent the impact of issue of ordinary shares with redemption rights and termination of such redemption liabilities before the Relevant Period, as detailed in Note 28.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Eight months ended August 31,	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
OPERATING ACTIVITIES				
Profit before tax	31,633	57,361	35,861	54,936
Adjustments for:				
Finance costs	8,640	1,133	778	188
Interest income	(630)	(770)	(308)	(764)
Depreciation of property, plant and equipment	12,788	12,616	8,411	8,697
Depreciation of right-of-use assets	1,069	875	650	449
Amortisation of intangible assets	98	99	84	80
Impairment losses recognised under ECL model, net of reversal	(720)	84	547	1,031
Write-down of inventories, net of reversal	46	609	334	299
Gain on disposal of property, plant and equipment	(22)	–	–	(11)
Gain on termination of leases	–	(4)	(4)	–
Fair value gain on financial assets at FVTPL	(2,462)	(2,333)	(951)	(697)
Unrealised exchange loss/(gain), net	282	(399)	(513)	(284)
Operating cash flows before movements in working capital	50,722	69,271	44,889	63,924
Decrease/(increase) in inventories	2,963	(3,526)	(6,673)	(2,036)
Decrease/(increase) in trade and bills receivables	12,917	(8,046)	(4,052)	(25,300)
Decrease in other receivables, prepayments and deposits	4,634	9,328	4,853	326
(Decrease)/increase in trade and other payables	(4,654)	18,936	12,813	13,895
Increase/(decrease) in contract liabilities	146	(98)	(113)	3,306
Increase in amount due from a shareholder	(2)	(106)	(46)	(99)
Increase/(decrease) in amount due to a shareholder	–	546	502	(94)
Cash generated from operations	66,726	86,305	52,173	53,922
Income tax paid	(7,005)	(3,672)	(1,999)	(8,784)
NET CASH FROM OPERATING ACTIVITIES	59,721	82,633	50,174	45,138

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
INVESTING ACTIVITIES				
Interest received	630	770	308	764
Purchases of financial assets FVTPL	(215,594)	(194,639)	(120,970)	(344,805)
Purchases of property, plant and equipment	(1,728)	(3,351)	(1,845)	(2,658)
Purchases of other intangible assets	–	(227)	(20)	–
Proceeds from maturity of financial assets FVTPL	261,218	169,679	112,067	330,740
Proceeds on disposal of property, plant and equipment	88	–	–	11
Withdrawal of pledged bank deposits	4,589	14,068	7,063	25,326
Placement of pledged bank deposits	(3,257)	(33,783)	(23,509)	(23,247)
Net cash from (used in) investing activities	**45,946**	**(47,483)**	**(26,906)**	**(13,869)**
FINANCING ACTIVITIES				
Proceeds from bank borrowings	20,600	–	–	–
Proceeds from issuance of shares	–	–	–	120,000
Repayment of borrowings	(34,520)	(19,060)	(14,530)	(29,330)
Repayments of lease liabilities	(562)	(334)	(255)	(77)
Repurchase and cancellation of shares	(74,279)	–	–	–
Interests paid	(14,242)	(1,133)	(778)	(188)
Dividend paid	–	–	–	(13,000)
Net cash (used in) from financing activities	**(103,003)**	**(20,527)**	**(15,563)**	**77,405**
Net increase in cash and cash equivalents	**2,664**	**14,623**	**7,705**	**108,674**
Effect of foreign exchange rate changes	**(215)**	**352**	**103**	**319**
Cash and cash equivalents at beginning of the year/period	**33,717**	**36,166**	**36,166**	**51,141**
Cash and cash equivalents at end of the year/period	**36,166**	**51,141**	**43,974**	**160,134**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Target Company was incorporated in the PRC on December 27, 2005 as a limited liability company under the Company Law of the PRC. On January 15, 2016, the Target Company was converted from a limited liability company into a joint stock company. Its registered office principal place of business is located at Fengxian District, Chemical Industry Zone, Shanghai, PRC. Mr. Zheng Wenjun ("Mr. Zheng") is the founder of the Target Company.

The Target Company is a trading and investment holding company. The Target Group is principally engaged in research, development, production and sales of high-purity pigments and inks for inkjet printing and digital printing.

The Historical Financial Information is presented in RMB, which is the currency of the economic environment in which the Target Company operates.

The Historical Financial Information has been prepared based on the accounting policies which conform with the IFRS Accounting Standards issued by the IASB.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Group has consistently adopted the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025, throughout the Relevant Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Target Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards . .	Annual Improvements to IFRS Accounting Standards Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after January 1, 2026.

3 Effective for annual periods beginning on or after January 1, 2027.

Except for new IFRS Accounting Standard mentioned below, the directors of the Target Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the financial positions and performance of the Target Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statement", which sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 "Presentation of Financial Statements". The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share are also made".

IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard will not have material impact on the financial position of the Target Group but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial statements. The Target Group will continue to assess the impact of IFRS 18 on the Target Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with accounting policies which confirm with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and its subsidiary. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target 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 listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Target Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Target Company at cost less any identified impairment loss.

Revenue from contracts with customers

Information about the Target Group's accounting policies relating to contracts with customers is provided in Note 5.

Lease

The Target Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Target Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Target Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefit

Retirement benefit costs

Payments to state-managed retirement scheme are classified as defined contribution plans and are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Target Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Target Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share premium). At the end of each reporting period, the Target Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share premium.

When share options are exercised, the amount previously recognised in share premium will be transferred to retained earnings. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share premium will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies IAS 12 "Income Tax" requirements to the lease liabilities and the related assets separately. The Target Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits generally with original maturity of three months or less. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Target Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 "Revenue from Contracts with Customers" ("IFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Target Group performs impairment assessment under ECL model on financial assets (including bank balances, pledged bank deposits, trade and bills receivables, other receivables and amount due from a shareholder/a subsidiary) which are subject to impairment assessment under IFRS 9 "Financial Instruments" ("IFRS 9"). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with credit-impaired, and collectively for the remaining balances of debtors using internal credit rating with appropriate groupings.

For all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the target Group has reasonable and supportable information that demonstrates otherwise.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Target Group uses a practical expedient in estimating ECL on trade receivables using internal credit rating taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Trade and other receivables with credit-impaired debtors are assessed for ECL individually.

Lifetime ECL for non credit-impaired trade and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Target Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct [**REDACTED**].

Financial liabilities at amortised cost

Financial liabilities of the Target Group (including trade and other payables, amount due to a shareholder/a subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Redemption liabilities on ordinary shares

For the redemption obligation to purchase the Target Group's own equity instruments for cash, even if the Target Group's obligation to purchase is conditional on the counterparty exercising a right to redeem, financial liabilities are recognized at the present value of the redemption amount with the amount charged against other reserve within equity. The financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised in profit or loss on an accrual basis as it is incurred.

Upon termination of the redemption obligation associated with ordinary shares, the carrying amount of the redemption liability will be reclassified to equity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, the directors of the Target Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Provision of ECL for trade receivables

Trade receivables which considered to be credit-impaired are assessed on individual basis. In addition, the Target Group uses collective assessment to calculate ECL for trade receivables balances which are not assessed individually at the end of each reporting period. The ECL rates are based on internal credit ratings by groupings of various debtors that have similar loss patterns. The collective assessment is based on the Target Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. The historical observed default rates are reassessed and changes in the forward-looking information are considered at the end of each reporting period. The provision of ECL is sensitive to changes in estimates.

The information about the Target Group's and the Target Company's trade receivables and the related ECL disclosures are set out in Notes 18 and 33, respectively.

5. REVENUE AND OPERATING SEGMENTS

(i) Disaggregation of revenue from contracts with customers

	For the year ended December 31		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Types of goods				
Dyes for digital textile printing	90,811	105,508	69,526	90,263
Dyes for continuous inkjet supply system	42,134	53,928	32,380	41,686
Desktop inkjet printing color material	10,996	12,554	8,099	16,742
Total	143,941	171,990	110,005	148,691
Timing of revenue recognition				
At point in time	143,941	171,990	110,005	148,691
Total	143,941	171,990	110,005	148,691

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from Sales of Goods

The Target Group recognizes revenue from the sale of goods when the customer obtains control of the related goods. The specific accounting policies are as follows:

Revenue from sales of goods primarily includes income from dyes for digital textile printing, dyes for continuous inkjet supply system and desktop inkjet printing color material. The transfer of control is determined based on the agreed delivery method. The Target Group sends the goods to the address specified by the customer according to the delivery conditions stipulated in the contract or order and the revenue is recognized at a point in time when the goods are accepted by the customers.

The Target Group applies the practical expedient in IFRS 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

(iii) Segment information

The Target Group has only one single operating and reportable segment based on information reported to the chief operating decision maker (the "CODM") of the Target Group, being the executive directors of the Target Company, for the purpose of resource allocation and performance assessment, which is the consolidated results of the Target Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segment is the same as the Target Group's accounting policies. Segment profit represents profit earned from the segment without allocation of profit or loss generated by the holding company. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

(iv) Geographical information

The following table sets out information about the Target Group's revenue from external customers by the location of customers:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Chinese Mainland	71,822	96,659	58,205	88,354
Germany	41,743	25,473	13,765	18,161
Japan	18,688	20,321	12,411	20,199
Pakistan	72	7,926	7,316	11,214
Turkey	8,833	11,300	10,647	1,010
Others	2,783	10,311	7,661	9,753
Total	143,941	171,990	110,005	148,691

The Target Group's non-current assets are substantially all located in the Chinese Mainland by location of assets.

(v) Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Target Group are as follows:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Customer A	60,431	46,777	26,369	41,903
Customer B	16,366	24,606	19,755	15,929

6. FINANCE COSTS

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest expense on:				
– bank borrowings	(2,430)	(1,120)	(770)	(181)
– lease liabilities	(9)	(13)	(8)	(7)
– redemption liabilities *(Note 28)*	(6,201)	–	–	–
	(8,640)	(1,133)	(778)	(188)

7. OTHER INCOME, EXPENSES, GAINS AND LOSSES, NET

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Other income (expenses):				
– government grants *(note)*	6,132	1,464	510	611
– interest income from bank balances	630	770	308	764
– A-share deferred issue cost	(4,856)	–	–	–
– others	(481)	(925)	(878)	(179)
	1,425	1,309	(60)	1,196
Other gains (losses):				
– fair value gain on financial assets at FVTPL	2,462	2,333	951	697
– gain on disposal of property, plant and equipment	22	–	–	11
– gain on termination of leases	–	4	4	–
– foreign exchange gain, net	434	385	83	647
	2,918	2,722	1,038	1,355

Note: Government grants mainly represent subsidies granted by certain local government authorities to support the operating activities of the Target Group, in which no future related cost is expected to be incurred. These government grants with no unfulfilled conditions are recognised when payments were received or became receivable.

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Net impairment losses reversed (recognised) on:				
– trade receivables	723	(96)	(555)	(1,019)
– other receivables	(3)	13	8	(1)
– amount due from a shareholder	–	(1)	–	(11)
	720	(84)	(547)	(1,031)

Details of impairment assessment are set out in Note 33.

9. INCOME TAX EXPENSE

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax:				
– Chinese Mainland Enterprise Income Tax ("EIT")	1,409	7,635	5,292	8,090
Under (over) provision in prior years:				
– Chinese Mainland EIT	(879)	(390)	(390)	–
	530	7,245	4,902	8,090
Deferred tax *(Note 16)*	1,993	206	260	(217)
Income tax expense	2,523	7,451	5,162	7,873

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC entities is 25% during the Relevant Period, except for disclosed below.

The Target Company and Celludye (Hubei) Imaging Pigment Co., Ltd.* ("Hubei Celludye") (色如丹(湖北)影像色素有限公司) obtained the "High and New Technology Enterprise" certification in November 2021 and November 2023, respectively, and were therefore entitled to a preferential tax rate of 15% for a period of three years from 2021 to 2023 and 2023 to 2025, respectively.

* English name is for identification purpose

The income tax expense for the year/period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax	31,633	57,361	35,861	54,936
Tax at the domestic income tax rate of 25%	7,908	14,340	8,965	13,734
Tax effect of expenses not deductible for tax purpose	236	334	258	143
Tax benefit for qualifying research and development expenses *(note)*	(1,610)	(1,016)	(469)	(572)
Tax effect of deductible temporary differences not recognized	637	42	42	453
Utilisation of deductible temporary differences previously	(272)	(668)	(182)	(113)
Under(over) provision in respect of prior years	(879)	(390)	(390)	–
Tax effect of tax losses not recognized	–	–	–	(215)
Income tax at concessionary rate	(2,765)	(5,191)	(3,062)	(5,557)
Others	(732)	–	–	–
Income tax expense	2,523	7,451	5,162	7,873

Note: The eligible expenditures of research and development costs incurred in the Chinese Mainland and charged to profit or loss is subject to an additional 100% tax deduction in the calculation of income tax expense in the Relevant Period.

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Directors' and supervisors' remuneration	1,915	2,432	1,280	1,508
Other staff cost:				
– Salaries and other allowances	15,529	14,336	8,149	10,210
– Retirement benefits	906	1,101	700	742
Total staff costs	18,350	17,869	10,129	12,460
Less: capitalised in inventories	(7,402)	(8,505)	(4,941)	(6,759)
	10,948	9,364	5,188	5,701
Depreciation of property, plant and equipment	12,788	12,616	8,411	8,697
Depreciation of right-of use assets	1,069	875	650	449
Amortisation of intangible assets	98	99	84	80
Total depreciation and amortisation	13,955	13,590	9,145	9,226
Less: capitalised in inventories	(8,704)	(8,529)	(5,814)	(5,817)
	5,251	5,061	3,331	3,409
Impairment losses of property, plant and equipment (included in cost of sales)	1,934	–	–	–
Auditor's remuneration	188	53	53	12
Cost of inventories recognised as an expense	78,130	87,125	56,103	75,607
Write-down inventories, net (included in cost of sales)	46	609	334	299

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' EMOLUMENTS

Directors', chief executives' and supervisors' remuneration for the Relevant Period, disclosed pursuant to the applicable Listing Rules, is as follows:

	Fees	Salaries and other allowances	Discretionary bonus	Contributions to retirement benefit plan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023					
Executive directors:					
Mr. Zheng *(note ii)*	–	461	78	58	597
Mr. Diao Zhengping ("Mr. Diao") *(note iii)*	–	164	60	13	237
Mr. Tang Zhonghai ("Mr. Tang")	–	305	36	23	364
Ms. Zheng Shiyong ("Ms. Zheng")	–	–	–	–	–
Mr. Wang Peng ("Mr. Wang")	–	–	–	–	–
Supervisors:					
Mr. Xia Yongxin ("Mr. Xia")	–	261	53	23	337
Mr. Zheng Yongkai ("Mr. Zheng Y")	–	147	9	13	169
Ms. Deng Linghua ("Ms. Deng")	–	124	28	14	166
Independent non-executive directors:					
Mr. Liu Junling ("Mr. Liu") *(note iv)*	15	–	–	–	15
Mr. Ye Wenping ("Mr. Ye") *(note iv)*	15	–	–	–	15
Mr. Mao Zhiping ("Mr. Mao") *(note iv)*	15	–	–	–	15
	45	1,462	264	144	1,915

	Salaries and other allowances	Discretionary bonus	Contributions to retirement benefit plan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
Executive directors:				
Mr. Zheng *(note ii)*	495	162	58	715
Mr. Diao *(note iii)*	359	93	27	479
Mr. Tang	331	67	23	421
Mr. Wang Dongming ("Mr. Wang D") *(note vi)*	73	–	7	80
Ms. Zheng	–	–	–	–
Mr. Wang *(note v)*	–	–	–	–
Supervisors:				
Mr. Xia	287	95	23	405
Mr. Zheng Y	150	10	13	173
Ms. Deng	136	9	14	159
	1,831	436	165	2,432

	Salaries and other allowances	Discretionary bonus	Contributions to retirement benefit plan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Eight months ended August 31, 2024 (unaudited)				
Executive directors:				
Mr. Zheng *(note ii)*	331	–	38	369
Mr. Diao *(note iii)*	239	–	18	257
Mr. Tang	221	–	15	236
Ms. Zheng	–	–	–	–
Mr. Wang *(note v)*	–	–	–	–
Supervisors:				
Mr. Xia	192	–	15	207
Mr. Zheng Y	101	–	9	110
Ms. Deng	92	–	9	101
	1,176	–	104	1,280

	Salaries and other allowances	Discretionary bonus	Contributions to retirement benefit plan	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Eight months ended August 31, 2025				
Executive directors:				
Mr. Zheng *(note ii)*	330	–	38	368
Mr. Diao *(note iii)*	240	–	18	258
Mr. Tang	223	–	15	238
Mr. Wang D *(note vi)*	194	–	19	213
Ms. Zheng	–	–	–	–
Supervisors:				
Mr. Xia	205	–	18	223
Mr. Zheng Y	97	–	9	106
Ms. Deng	93	–	9	102
	1,382	–	126	1,508

Notes:

(i) The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Target Company and the Target Group. The supervisors' emoluments shown above were for their services as supervisors of the Target Company. The independent non-executive directors' emoluments shown above were for their services as directors of the Target Group, respectively. The performance-related bonuses were determined by the management of the Target Group by reference to the performance.

(ii) Mr. Zheng is the chief executive of the Target Group and the emoluments disclosed above include those for services rendered as the chief executive and executive director of the Target Company.

(iii) Mr. Diao was appointed as a director of the Target Company on June 30, 2023.

(iv) Mr. Liu, Mr. Ye and Mr. Mao resigned as independent non-executive directors on June 30, 2023.

(v) Mr. Wang resigned as a director on September 14, 2024.

(vi) Mr. Wang D was appointed as a director of the Target Company on September 14, 2024.

There are 3, 4, 4 (unaudited) and 4 directors/supervisors among the five highest paid employees of the Target Group during the years ended December 31, 2023 and 2024 and eight months ended August 31, 2024 and 2025.

Details of the remuneration for the remaining non-directors/supervisor highest paid employees for each of two years ended December 31, 2023 and 2024 and eight months ended August 31, 2024 and 2025, are as follows:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and other allowances	733	321	214	214
Discretionary bonus	156	105	–	–
Contribution to retirement benefits	147	21	14	14
	1,036	447	228	228

All of the five highest paid employees of the Target Company whose remuneration fell within Nil to HK$1,000,000 during the Relevant Period.

12. DIVIDEND

During the eight months ended August 31, 2025, the Target Company declared a cash dividend amounted to RMB120,000,000 to the shareholders, which has been approved upon shareholders' meeting held on June 2025. RMB13,000,000 among the total dividend has been paid during the eight months ended August 31, 2025.

No other dividend was paid or declared to the ordinary shareholders of the Target Company during the Relevant Period.

13. PROPERTY, PLANT AND EQUIPMENT

The Target Group

	Buildings	Machineries	Motor vehicles	Furniture and electronic equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At January 1, 2023	100,808	64,728	2,114	5,818	589	174,057
Additions	–	1,033	6	214	1,455	2,708
Disposal	–	–	(221)	–	–	(221)
Transfers	–	2,044	–	–	(2,044)	–
At December 31, 2023	100,808	67,805	1,899	6,032	–	176,544
Additions	1,174	347	708	242	–	2,471
Disposal	–	(5,280)	(1,143)	(1,906)	–	(8,329)
At December 31, 2024	101,982	62,872	1,464	4,368	–	170,686
Additions	2,052	482	46	50	–	2,630
Disposal	–	–	(64)	(10)	–	(74)
At August 31, 2025	104,034	63,354	1,446	4,408	–	173,242
DEPRECIATION AND IMPAIRMENT						
At January 1, 2023	14,395	13,751	1,472	2,330	–	31,948
Provided for the year	5,040	6,110	170	1,468	–	12,788
Impairment loss recognised in profit for the year	–	1,934	–	–	–	1,934
Eliminated on disposal	–	–	(155)	–	–	(155)
At December 31, 2023	19,435	21,795	1,487	3,798	–	46,515
Provided for the year	5,061	5,891	237	1,427	–	12,616
Eliminated on disposal	–	(5,280)	(1,143)	(1,906)	–	(8,329)
At December 31, 2024	24,496	22,406	581	3,319	–	50,802
Provided for the period	3,468	4,232	178	819	–	8,697
Eliminated on disposal	–	–	(64)	(10)	–	(74)
At August 31, 2025	27,964	26,638	695	4,128	–	59,425
CARRYING VALUES						
At December 31, 2023	81,373	46,010	412	2,234	–	130,029
At December 31, 2024	77,486	40,466	883	1,049	–	119,884
At August 31, 2025	76,070	36,716	751	280	–	113,817

The Target Company

	Buildings	Machineries	Motor vehicles	Furniture and electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2023	23,711	20,696	1,891	2,036	48,334
Additions	–	188	–	–	188
Disposal	–	–	(221)	–	(221)
At December 31, 2023	23,711	20,884	1,670	2,036	48,301
Additions	–	–	635	18	653
Disposal	–	(17,362)	(1,435)	(1,953)	(20,750)
At December 31, 2024	23,711	3,522	870	101	28,204
Disposal	–	–	(64)	(10)	(74)
At August 31, 2025	23,711	3,522	806	91	28,130
DEPRECIATION AND IMPAIRMENT					
At January 1, 2023	12,468	12,139	1,440	1,783	27,830
Provided for the year	1,186	1,431	124	157	2,898
Impairment loss recognised in profit for the year	–	1,934	–	–	1,934
Eliminated on disposal	–	–	(155)	–	(155)
At December 31, 2023	13,654	15,504	1,409	1,940	32,507
Provided for the year	1,184	1,099	175	60	2,518
Eliminated on disposal	–	(13,081)	(1,391)	(1,942)	(16,414)
At December 31, 2024	14,838	3,522	193	58	18,611
Provided for the period	792	–	115	14	921
Eliminated on disposal	–	–	(64)	(10)	(74)
At August 31, 2025	15,630	3,522	244	62	19,458
CARRYING VALUES					
At December 31, 2023	10,057	5,380	261	96	15,794
At December 31, 2024	8,873	–	677	43	9,593
At August 31, 2025	8,081	–	562	29	8,672

The above items of property, plant and equipment of the Target Group and the Target Company, except for construction in progress of the Target Group, after taking into account the residual values, where applicable, are depreciated on a straight-line basis over their estimated useful lives at the following:

Building	20 years
Machineries	3-10 years
Motor vehicles	5 years
Furniture and electronic equipment	3-5 years

14. RIGHT-OF-USE ASSETS

The Target Group

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2023			
Carrying amount	22,574	46	22,620
At December 31, 2024			
Carrying amount	22,060	400	22,460
At August 31, 2025			
Carrying amount	21,717	294	22,011
For the year ended December 31, 2023			
Depreciation charge	514	555	1,069
For the year ended December 31, 2024			
Depreciation charge	514	361	875
For the period ended August 31, 2025			
Depreciation charge	343	106	449

	Year ended December 31,		Eight months ended August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	66	182	67
Total cash outflows for leases	637	529	151
Additions to right-of-use assets	–	1,024	–

The Target Company

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2023			
Carrying amount	5,271	46	5,317
At December 31, 2024			
Carrying amount	5,122	–	5,122
At August 31, 2025			
Carrying amount	5,023	–	5,023

	Leasehold lands	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended December 31, 2023			
Depreciation charge	149	555	704
For the year ended December 31, 2024			
Depreciation charge	149	266	415
For the period ended August 31, 2025			
Depreciation charge	99	–	99

	Year ended December 31,		Eight months ended August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	6	80	–
Total cash outflows for leases	577	301	–
Additions to right-of-use assets	–	529	–

During the Relevant Period, The Target Group and the Target Company leases offices for its operations. Lease terms are negotiated by The Target Group and the Target Company on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group and the Target Company applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for leasehold lands in the PRC for 20 years. Land use right certificates for leasehold land in the PRC have been obtained.

The Target Group and the Target Company occasionally entered into short-term leases for certain offices, staff quarters and warehouses. As at December 31, 2023 and 2024 and eight months ended August 31, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

15. INTANGIBLE ASSETS

The Target Group

	Software	Pollution emission rights	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2023 and December 12, 2023	371	606	977
Additions	227	–	227
At December 31, 2024 and August 31, 2025	598	606	1,204
AMORTISATION			
At January 1, 2023	54	108	162
Charge for the year	39	59	98
At December 31, 2023	93	167	260
Charge for the year	40	59	99
At December 31, 2024	133	226	359
Charge for the period	41	39	80
At August 31, 2025	174	265	439

	Software	Pollution emission rights	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING VALUES			
At December 31, 2023	278	439	717
At December 31, 2024	465	380	845
At August 31, 2025	424	341	765

The Target Company

	Software
	RMB'000
COST	
At January 1, 2023, December 31, 2023 and 2024 and August 31, 2025	371
AMORTISATION	
At January 1, 2023	54
Charge for the year	39
At December 31, 2023	93
Charge for the year	38
At December 31, 2024	131
Charge for the period	26
At August 31, 2025	157
CARRYING VALUES	
At December 31, 2023	278
At December 31, 2024	240
At August 31, 2025	214

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Software	10 years
Pollution emission right	5 years

No impairment loss was recognised for intangible assets at the end of each period over the Relevant Period.

16. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Target Group and the Target Company and movements therein during the Relevant Period:

The Target Group

	Impairment losses under ECL	Allowance on inventories	Lease liabilities	Right-of-use assets	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	249	17	84	(90)	1,018	1,052	2,330
(Charged) credited to profit or loss	(230)	(16)	(84)	90	(1,018)	(735)	(1,993)

	Impairment losses under ECL	Allowance on inventories	Lease liabilities	Right-of-use assets	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023	19	1	–	–	–	317	337
Credited (charged) to profit or loss	120	66	57	(60)	–	(389)	(206)
At December 31, 2024	139	67	57	(60)	–	(72)	131
Credited (charged) to profit or loss	151	34	(12)	16	–	28	217
At August 31, 2025	290	101	45	(44)	–	(44)	348

As at December 31, 2023 and 2024 and August 31, 2025, the Target Group had unused tax losses of Nil, Nil and RMB858,000, respectively, available to offset against future profits. No deferred tax asset has been recognised in respect of such losses as at December 31, 2023 and 2024 and August 31, 2025, respectively. No deferred tax asset has been recognised in respect of the remaining balance of Nil, Nil and RMB858,000 as at December 31, 2023, and 2024 and August 31,2025, respectively, due to the unpredictability of future profit streams.

As at December 31, 2023 and 2024 and August 31, 2025, the Target Group has deductible temporary differences of RMB5,840,000, RMB4,893,000 and RMB6,257,000, respectively, available to offset against future profits, of which RMB1,858,000, RMB1,466,000 and RMB2,734,000 were recognised deferred tax assets accordingly. No deferred tax asset has been recognised in relation to the remaining deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Target Company

	Impairment losses under ECL	Allowance on inventories	Lease liabilities	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	249	17	84	(90)	82	342
(Charged) credited to profit or loss	(249)	(17)	(84)	90	(82)	(342)
At December 31, 2023 and 2024 and August 31, 2025	–	–	–	–	–	–

17. INVENTORIES

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	19,598	17,727	18,862	7,155	12	–
Work in progress	3,661	4,689	5,780	–	–	–
Finished goods	23,386	27,146	26,657	5,724	109	–
	46,645	49,562	51,299	12,879	121	–

The carrying amount of inventories of the Target Group are net of a write-down of approximately RMB156,000, RMB765,000 and RMB1,064,000 as at December 31, 2023 and 2024 and August 31, 2025, respectively.

The carrying amount of inventories of the Target Company are net of a write-down of approximately RMB147,000, RMB316,000 and RMB390,000 as at December 31, 2023 and 2024 and August 31, 2025, respectively.

18. TRADE AND BILLS RECEIVABLES

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	18,812	26,913	40,685	13,175	951	2,552
Less: Allowance for credit losses	(925)	(1,021)	(2,040)	(814)	(96)	(106)
	17,887	25,892	38,645	12,361	855	2,446
Bills receivables	134	115	11,618	111	–	–

As at January 1, 2023, the carrying amount of trade receivables from contracts with customers net of allowance for credit losses of the Target Group and the Target Company amounted to RMB30,260,000 and RMB30,260,000, respectively.

The Target Group and the Target Company grants credit period ranging from 0 day to 90 days to its trade customers.

Aging of trade receivables net of allowance for credit losses is, prepared based on the date of transfer of goods, which approximated the respective revenue recognition dates, as follows:

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	12,367	18,293	23,308	8,955	59	2,283
31-60 days	4,014	3,081	8,957	2,347	–	–
61-90 days	461	2,682	5,968	14	–	–
91-180 days	1,045	1,836	296	1,045	796	47
Over 360 days	–	–	116	–	–	116
	17,887	25,892	38,645	12,361	855	2,446

Aging of bills receivables net of allowance for credit losses is, prepared based on the date of transfer of goods, which approximated the respective revenue recognition dates, as follows:

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	59	–	751	36	–	–
31-60 days	20	18	3,490	20	–	–
61-90 days	29	63	1,422	29	–	–
91-180 days	26	34	5,955	26	–	–
	134	115	11,618	111	–	–

The Target Group's trade receivables balance are debtors with aggregate carrying amount of RMB14,205,000, RMB15,204,000 and RMB27,315,000 which were past due as at December 31, 2023 and 2024 and August 31, 2025, respectively. Out of the past due balances, RMB163,000, RMB1,578,000 and RMB450,000 has been past due 90 days or more and is not considered as in default as the Target Group considered such balances could be recovered based on repayment history. The Target Group does not hold any collateral over these balances.

The Target Company's trade receivables balance are debtors with aggregate carrying amount of RMB10,897,000, RMB855,000 and RMB2,442,000 which were past due as at December 31, 2023 and 2024, and August 31, 2025, respectively. Out of the past due balances, RMB146,000, RMB795,000 and RMB163,000 has been past due 90 days or more and is not considered as in default as the Target Group considered such balances could be recovered based on repayment history. The Target Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables are set out in Note 33.

19. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	1,706	1,309	2,069	1	–	–
Value added tax recoverable	11,935	3,089	1,982	–	–	–
Other receivables	238	199	186	117	32	22
Deposits	94	48	82	87	38	73
	13,973	4,645	4,319	205	70	95
Less: Allowance for credit losses	(16)	(3)	(4)	(8)	(3)	(3)
	13,957	4,642	4,315	197	67	92
Analysed as:						
Current	13,873	4,642	4,315	113	67	92
Non-current	84	–	–	84	–	–
	13,957	4,642	4,315	197	67	92

Details of impairment assessment of other receivables are set out in Note 33.

20. FINANCIAL ASSETS AT FVTPL

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL:						
Bank structured deposits	28,447	55,740	70,502	28,447	55,740	70,502
	28,447	55,740	70,502	28,447	55,740	70,502

During the years ended December 31, 2023 and 2024 and eight months ended August 31, 2025, the Target Group entered into contracts of financial products with several financial institutions. All investments had maturity date within one year and are classified as financial assets measured at FVTPL. The expected return rates varied from 1.25%-3.81%, 0.80%-1.85% and 0.65%-1.40% per annum for the years ended December 31, 2023, and 2024 and eight months ended August 31, 2025, respectively.

21. AMOUNT DUE FROM/TO A SHAREHOLDER/A SUBSIDIARY

(a) Amount due from a shareholder

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zheng	2	107	195	2	18	100
	2	107	195	2	18	100

(b) Amount due to a shareholder

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zheng	–	546	452	–	420	340
	–	546	452	–	420	340

(c) Amount due from a subsidiary

	The Target Company		
	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Hubei Celludye	29,560	54,662	17,704
	29,560	54,662	17,704

(d) Amount due to a subsidiary

	The Target Company		
	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Hubei Celludye	1,200	8,294	12,838
	1,200	8,294	12,838

The amounts were trade nature, interest-free and repayable on demand.

22. PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposit

As at December 31, 2023 and 2024 and August 31, 2025, the pledged bank deposits mainly represented the issue of bills payables with carrying amount of Nil, RMB19,715,000 and RMB17,636,000, respectively.

Cash and cash equivalents

Cash and cash equivalents include cash and short term deposits for the purpose of meeting the Target Group's short term cash commitments, which carry interest at market rates range from 0.05%-1.55%, 0.05%-4.31% and 0.05%-4.36% as at December 31, 2023 and 2024 and August 31, 2025, respectively.

23. TRADE AND OTHER PAYABLES

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	7,305	8,985	19,809	1,620	68	68
Bills Payable	–	16,605	17,636	–	5,000	3,000
Salaries and wages payables	2,089	2,374	1,232	985	924	234
Other tax payables	983	514	3,731	773	265	1,168
Other accrued expenses	980	924	871	10	761	771
Dividend payables	–	–	107,000	–	–	107,000
	11,357	29,402	150,279	3,388	7,018	112,241

The average credit period on trade payables is 0-90 days. The following is the aging analysis of trade payables of the Target Group and the Target Company presented based on invoice date at the end of each reporting period.

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
0-30 days	5,160	6,590	5,400	1,549	–	–
31-60 days	1,593	1,793	7,163	9	–	–
61-90 days	239	132	1,493	–	–	–
91-180 days	110	192	5,373	–	1	–
181-360 days	88	86	94	35	–	–
Over 360 days	115	192	286	27	67	68
	7,305	8,985	19,809	1,620	68	68

24. BANK BORROWINGS

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Secured and unguaranteed	38,490	29,430	100	–	–	–
Unsecured and unguaranteed	10,000	–	–	10,000	–	–
	48,490	29,430	100	10,000	–	–

All the bank borrowings were fixed rate and the range of effective interest rates (which are also equal to contracted interest rates) on the Target Group's and Company's bank borrowings is as follows:

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
Weighted average effective interest rate	3.28%	3.14%	3.04%	3.25%	N/A	N/A

The Target Group's and the Target Company's bank borrowings based on contractual repayment dates included:

	The Target Group			The Target Company		
	At December 31,		At August 31,	At December 31,		At August 31,
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
The carrying amount of bank borrowings are repayable:						
Within one year	19,056	9,055	–	10,000	–	–
Within a period of more than one year but not exceeding two years	9,056	9,056	–	–	–	–
Within a period of more than two years but not exceeding five years	20,378	11,319	100	–	–	–
	48,490	29,430	100	10,000	–	–
Less: Amount due within one year shown under current liabilities	(19,056)	(9,055)	–	(10,000)	–	–
Amounts shown under non-current liabilities	29,434	20,375	100	–	–	–

25. LEASE LIABILITIES

The Target Group

	The Target Group		
	As at December 31,		As at August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within 1 year	–	158	161
Within a period of more than one year but not exceeding two years	–	163	139
Within a period of more than two years but not exceeding five years	–	56	–
	–	377	300
Less: Amount due for settlement within 12 months under current liabilities	–	(158)	(161)
Amount due for settlement after 12 months shown under non-current liabilities	–	219	139

The weighted average incremental borrowing rate of the Target Group's and the Target Company's lease liabilities is 3.3% as at December 31, 2024 and August 31, 2025.

26. CONTRACT LIABILITIES

	The Target Group		
	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advance receipts	146	48	3,354
Total	146	48	3,354

As at January 1, 2023, no contract liabilities have been recognised of the Target Group.

All contract liabilities are expected to be settled within the Target Group's normal operating cycle and are classified as current based on the Target Group's earliest obligation to transfer goods or services to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	The Target Group		
	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year/period	–	146	48

27. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the Chinese Mainland, the employees of the Target Group based in the Chinese Mainland participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the Chinese Mainland under which the Target Group and the relevant employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired Mainland-China-based employees' payable under the plans described above. Other than the monthly contributions, the Target Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Target Group in independently administrated funds managed by the PRC government. The contributions to these plans are recognized as employee benefit charged to profit or loss and capitalized where applicable.

Contributions to the above schemes for the year ended December 31, 2023 and 2024 and eight months ended August 31, 2024 and 2025 made by the Target Group amounted to RMB1,050,000, RMB1,266,000, RMB804,000 and RMB868,000, respectively.

28. SHARE CAPITAL AND RESERVES OF THE TARGET COMPANY

(a) Share Capital of the Target Group and the Target Company

	Number of shares	Share capital
		RMB'000
Ordinary shares of RMB1.0 each		
At January 1, 2023	47,830,682	47,831
Repurchase and cancellation of shares *(note i)*	(4,880,682)	(4,881)
At December 31, 2023 and 2024	42,950,000	42,950
Issue of shares *(note ii)*	9,544,444	9,544
At August 31, 2025	52,494,444	52,494

Notes:

(i) In March 2021, the Target Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB75,000,000 for subscription of the Target Company's paid-in capital of RMB4,881,000. The Target Company had received all investment funds by March 2021. Upon the occurrence of certain events as stipulated in the relevant investment agreements, the investors with preferential rights may require the Target Company, the original shareholders or the controlling shareholder to redeem the outstanding shares held by such investors at the redemption price which represent the higher price between the investment amount plus an interest at an annual rate of 6% calculating from the issuance date and the value of the outstanding shares based on the Target Company's net assets at the time of redemption. In April, 2022, the Target Company had entered into supplemental agreements to terminate the obligations of the Target Company arising from the redemption rights.

In September, 2023, through further negotiations among shareholders and the Target Company, it was agreed that the Target Company would again assume the obligation to redeem the shares from other shareholders of the Target Company. The shareholders who has redemption rights exercised the redemption right and the Target Company repurchased 4,880,682 shares at a consideration of RMB86,083,000 upon resolution by shareholders' meeting held in September 2023. The repurchased shares were cancelled in December 2023.

(ii) During the eight months ended August 31, 2025, the Target Company issued 9,544,444 shares to the Company at a consideration of RMB120,000,000, as part of the acquisition of the Company's acquisition of 51% equity interest.

* English name is for identification purpose

(b) Reserves of the Target Company

Below table sets out the details of the reserves of the Target Company:

	Share premium	Other reserve	Statutory reserve	Retained [REDACTED]	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
At January 1, 2023	99,535	4,881	19,489	116,462	240,367
Profit and total comprehensive income for the year	–	–	–	21,029	21,029
Recognition of redemption liabilities	–	(79,881)	–	–	(79,881)
Repurchase and cancellation of shares	4,881	–	–	–	4,881
Transfer to statutory reserve	–	–	1,986	(1,986)	–
At December 31, 2023	104,416	(75,000)	21,475	135,505	186,396
Profit and total comprehensive income for the year	–	–	–	4,494	4,494

	Share premium	Other reserve	Statutory reserve	Retained [REDACTED]	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
At December 31, 2024	104,416	(75,000)	21,475	139,999	190,890
Profit and total comprehensive income for the period	–	–	–	(511)	(511)
Issuance of shares to the Company	110,456	–	–	–	110,456
Dividend recognised as distribution *(Note 12)*	–	–	–	(120,000)	(120,000)
At August 31, 2025	214,872	(75,000)	21,475	19,488	180,835
At December 31, 2023	104,416	(75,000)	21,475	135,505	186,396
Profit and total comprehensive income for the period	–	–	–	3,904	3,904
At August 31, 2024 (unaudited)	104,416	(75,000)	21,475	139,409	190,300

29. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to a resolution passed on March 31, 2022 by shareholders' meeting of the Target Company, a share option scheme (the "Share Option Scheme") was adopted. The purpose of the Share Option Scheme is to enhance the cohesion and maintain long-term stable development of the Target Company. The scheme will be implemented after the Target Company qualified IPO and will expire on March 31, 2027.

According to the Scheme, the Target Company granted a number of 1,500,000 share options to eligible participants on March 31, 2022. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 15% of the shares of the Target Company before qualified IPO, without prior approval from the Target Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual is not permitted to exceed 1% of the shares of the Target Company in issue at any point in time, without prior approval from the Target Company's shareholders.

The validity period of the Share Option Scheme is from the date of completion of the registration of share options grants to the date of exercise or cancellation of all share options granted to eligible participants, with a maximum of 60 months. After 24 months from the grant date of share options, the eligible participants can only exercise it in three installments within the next 36 months if the grantees satisfied the vesting conditions as stipulated in the Share Option Scheme. The exercise period of the granted options and the schedule of each exercise period are shown as follows:

	Exercisable period	The proportion of feasible options to the number of granted share options
1	From the first trading day 24 months after the completion of the grant registration to the last trading day within 36 months from the completion of the grant registration	20%
2	From the first trading day 36 months after the completion of the grant registration to the last trading day within 48 months from the completion of the grant registration	30%
3	From the first trading day 48 months after the completion of the grant registration to the last trading day within 60 months from the completion of the grant registration	50%

The exercise price of the share options granted under the Share Option Scheme is RMB15.37 per share.

The Target Group did not recognise any share-based payment expenses during the Relevant Period in relation to the shares options granted by the Target Company under the Share Option Scheme as the directors of the Target Company are of the view that the probability of fulfillment of the vesting conditions has not yet become probable as of the end of each reporting period.

30. PLEDGE OF ASSETS

At the end of each reporting period, the following assets have been pledged to various banks for obtaining bank borrowings, the issue of bills payables or deposit for financial asset at FVTPL. The carrying amounts of the respective assets are as follows:

	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	71,314	68,613	67,986
Right-of-use assets	17,303	16,937	16,693
Pledged bank deposits	–	19,715	17,636
	88,617	105,265	102,315

31. CAPITAL COMMITMENT

	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of:			
Acquisition of property, plant and equipment contracted for but not provided in the Historical Financial information	2,468	1,704	2,282

32. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged during the Relevant Period.

The capital structure of the Target Group consists of net debts, which includes bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprising share capital and reserves.

The management of the Target Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Target Group will balance its overall capital structure through raising of new capital, issue of new debts or the redemption of the existing debts.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Target Group

	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
At amortised cost	54,505	97,214	228,492
Financial assets at FVTPL	28,447	55,740	70,502
	82,952	152,954	298,994
Financial liabilities			
At amortised cost	56,775	56,490	145,868
Lease liabilities	–	377	300
	56,775	56,867	146,168

The Target Company

	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
At amortised cost	70,718	70,708	166,289
Financial assets at FVTPL	28,447	55,740	70,502
	99,165	126,448	236,791
Financial liabilities			
At amortised cost	12,830	14,543	124,017
Lease liabilities	–	–	–
	12,830	14,543	124,017

Financial risk management objectives and policies

The Target Group's major financial instruments include financial assets at FVTPL, trade and bills receivables, other receivables, pledged bank deposits, cash and cash equivalents, trade and other payables, bank borrowings and amount due from/to a shareholder. The Target Company's major financial instruments include those aforementioned as well as amount due from/to a subsidiary. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group and the Target Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Target Group's and the Target Company's activities expose it primarily to currency risk, interest rate risk and other price risk.

There has been no change to the Target Group's and the Target Company's exposure to market risks or the manner in which it manages and measures the risk during the Relevant Period.

(i) Currency risk

Certain of the Target Group's bank balances, trade receivables and certain trade payables are denominated in currencies other than the functional currency of the relevant group entities and expose to such foreign currency risk. The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rates.

The carrying amounts of the foreign currency denominated financial assets and financial liabilities at the end of each reporting date are as follows:

The Target Group mainly exposes to foreign currency of US Dollars ("USD"). The carrying amounts of the Target Group's foreign currency denominated monetary assets and liabilities as at December 31, 2023 and 2024 and August 31, 2025 are as follows:

The Target Group

	At December 31,		At August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets			
USD	17,848	44,545	19,507
Liabilities			
USD	1,615	862	15

Sensitivity analysis

The following table details the Target Group's sensitivity to a 10% increase and decrease in RMB against the relevant foreign currencies. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit after tax where RMB strengthens 10% against the relevant foreign currencies. For a 10% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the profit after tax for the year/period.

	Year ended December 31,		Eight months ended August 31,
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD			
Profit or loss	(1,387)	(3,714)	(1,071)

In the opinion of the directors of the Target Company, the sensitivity analysis above is unrepresentative for the inherent foreign exchange risk as the exposure at the end of reporting period does not reflect the exposure during each reporting period.

(ii) Interest rate risk

The Target Group and the Target Company are exposed to fair value interest rate risk in relation to pledged bank deposits (Note 22) and lease liabilities (Note 25). The Target Group and the Target Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances (Note 22) and bank borrowings (Note 24). The Target Group and the Target Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management of the Target Group considers that the impacts of interest rate risk to profit or loss for the years ended December 31, 2023 and 2024 and eight months ended August 31, 2025 are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

(iii) Other price risk

The Target Group is exposed to price risk in respect of its financial products issued by banks classified as financial assets at FVTPL.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the end of each reporting period.

The management of the Target Group considers that all of the financial assets at FVTPL of the Target Group and the Target Company are categorized as Level 2 as at December 31, 2023 and 2024 and August 31, 2025.

If the prices of the financial assets had been 10% higher/lower, the Target Group and the Target Company's post-tax profit for the year ended December 31, 2023 and 2024 and eight months ended August 31, 2025 would increase/decrease by RMB2,418,000, RMB4,181,000 and RMB2,525,000, respectively as a result of the changes in fair value of investment in financial assets at FVTPL.

In the opinion of the directors of the Target Company, the sensitivity analysis above is unrepresentative for the other price risk as the exposure at the end of reporting period does not reflect the exposure during each reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Group's and the Target Company's counterparties default on their contractual obligations resulting in financial losses to the Target Group and the Target Company. The Target Group's and the Target Company's credit risk exposures are primarily attributable to trade and bills receivables, certain other receivables, financial assets at FVTPL, pledged bank deposits and cash and cash equivalents. The Target Group or the Target Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bill receivables is mitigated because settlement of certain bills receivables are backed by bills issued by reputable banks and financial institutions. Except for financial assets at FVTPL, the Target Group and the Target Company performed impairment assessment for financial assets and other items under ECL model.

The Target Group and the Target Company manages the risk with respect to pledged bank deposit and bank balances by placing in or entered into the contract with the banks with high reputation only.

The Target Group and the Target Company has policies in place to ensure that sales are made to reputable customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The Target Group and the Target Company have receivables from different customers and other debtors operate in different geographic regions in the country and of different commercial scales. Thus, the Target Group and Company classified the above assets into below categories:

- Category 1: trade receivables;
- Category 2: bill receivables; and
- Category 3: other receivables and amount due from a shareholder.

Trade receivables arising from contracts with customers

The Target Group and Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by reference to aging based on the dates of goods delivery.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the consumer price index of to be the most relevant factors for pharmaceutical customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Target Group.

Impairment losses on trade receivables are presented as a net basis in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Bill receivables

The Target Group and the Target Company assesses the credit losses of bill receivables individually using three-stage approach. The credit risk of bill receivables is considered not significantly as settlement of certain bills receivables are backed by bills issued by high reputable banks and financial institutions. The management of the Target Group believed that there was no significant increase in credit risk of these amounts since initial recognition and the management assessed the loss allowance based on 12m ECL, and considered them to have low credit risk, and thus no loss allowance was recognised.

Other receivables and amount due from a subsidiary/a shareholder

The management of the Target Group makes periodic individual assessment on the recoverability of these amounts based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Since the credit risk of other receivables is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. As at December 31, 2023 and 2024 and August 31, 2025, balances of RMB16,000, RMB4,000 and RMB5,000, respectively, were provided as loss allowance for other receivables and balances of Nil, RMB1,000 and RMB12,000, respectively, were provided as loss allowance for amount due from a shareholder.

Bank balances and pledged bank deposits

The Target Group and the Target Company transact with banks with high credit ratings. The Target Group and the Target Company assessed 12m ECL for pledged bank deposit and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The credit risk for pledged bank deposits and bank balances as at December 31, 2023 and 2024 and August 31, 2025 was considered as insignificant as such amounts were placed in reputable banks.

The Target Group's and the Target Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk . . .	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list . .	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful . . .	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off . . .	There is evidence indicating that the debtor is in severe financial difficulty and the Target Group/the Target Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Target Group's and the Target Company's financial assets which are subject to ECL assessment:

The Target Group

	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	At December 31, 2023 Gross carrying amount	At December 31, 2024 Gross carrying amount	At August 31, 2025 Gross carrying amount
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Trade receivables	*18*	N/A	Low risk	Lifetime ECL (not credit-impaired)	13,037	21,143	25,253
			Watch list	Lifetime ECL (not credit-impaired)	5,775	5,770	15,432
Bill receivables	*18*	AA and AA+	N/A	12m ECL (not credit-impaired)	134	115	11,618
Other receivables	*19*	N/A	Low risk	12m ECL (not credit-impaired)	253	237	256
			Watch List	12m ECL (not credit-impaired)	76	10	9
			Loss	Lifetime ECL (credit-impaired)	3	–	3
Bank balances and pledged bank deposits	*22*	AA and AA+	N/A	12m ECL (not credit-impaired)	36,166	70,856	177,770
Amount due from a shareholder	*21(a)*	N/A	Low risk	12m ECL (not credit-impaired)	2	108	207

The Target Company

					At December 31,		At August 31,
					2023	2024	2025
	Notes	External credit rating	Internal credit rating	12m or Lifetime ECL	Gross carrying amount	Gross carrying amount	Gross carrying amount
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Trade receivables- third parties	*18*	N/A	Low risk	Lifetime ECL (not credit-impaired)	7,855	61	2,370
			Watch list	Lifetime ECL (not credit-impaired)	5,320	890	182
Bill receivables	*18*	AA and AA+	N/A	12m ECL (not credit-impaired)	111	–	–
Other receivables	*19*	N/A	Low risk	12m ECL (not credit-impaired)	201	67	92
			Watch List	12m ECL (not credit-impaired)	–	3	–
			Loss	Lifetime ECL (credit-impaired)	3	–	3
Bank balances and pledged bank deposits	*22*	AA and AA+	N/A	12m ECL (not credit-impaired)	28,488	15,106	145,947
Amount due from a shareholder	*21(a)*	N/A	Low risk	12m ECL (not credit-impaired)	2	19	112
Amount due from a subsidiary	*21(c)*	N/A	Low risk	12m ECL	29,560	54,662	17,704

As part of the Target Group's and the Target Company's credit risk management, the Target Group and the Target Company apply internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired).

The Target Group

	At December 31,				At August 31,	
	2023		2024		2025	
Internal credit rating	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*
Low risk	2.45%	13,037	1.94%	21,143	1.61%	25,253
Watch list	10.48%	5,775	10.59%	5,770	10.59%	15,432
		18,812		26,913		40,685

The Target Company

	At December 31,				At August 31,	
	2023		2024		2025	
Internal credit rating	Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
		RMB'000		*RMB'000*		*RMB'000*
Low risk	3.27%	7,855	3.23%	61	3.67%	2,370
Watch list	10.47%	5,320	10.56%	890	10.43%	182
		13,175		951		2,552

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The Target Grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

The Target Group

	Lifetime ECL (not credit-impaired)	Total
	RMB'000	*RMB'000*
At January 1, 2023	(1,648)	(1,648)
Impairment losses recognised	(206)	(206)
Impairment losses reversed	929	929
At December 31, 2023	(925)	(925)
Impairment losses recognised	(687)	(687)
Impairment losses reversed	591	591
At December 31, 2024	(1,021)	(1,021)
Impairment losses recognised	(1,505)	(1,505)
Impairment losses reversed	486	486
At August 31, 2025	(2,040)	(2,040)

The Target Company

	Lifetime ECL (not credit-impaired)	Total
	RMB'000	*RMB'000*
At January 1, 2023	(1,648)	(1,648)
Impairment losses recognised	(117)	(117)
Impairment losses reversed	951	951
At December 31, 2023	(814)	(814)
Impairment losses recognised	(79)	(79)
Impairment losses reversed	797	797
At December 31, 2024	(96)	(96)
Impairment losses recognised	(87)	(87)
Impairment losses reversed	77	77
At August 31, 2025	(106)	(106)

Liquidity risk

In the management of the liquidity risk, the Target Group and the Target Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's and the Target Company's operations and mitigate the effects of fluctuations in cash flows. The management also monitors the utilisation of bank borrowings and renews bank borrowings, if necessary.

The tables below analyse the Target Group's and the Target Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including both interest and principal.

The Target Group

	Weighted average interest rate	On demand or within 1 year	1-2 years	2–5 years	Total undiscounted cash flows	Total Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Non-interest bearing						
Trade and other payables	–	8,285	–	–	8,285	8,285
Interest bearing						
Bank borrowings	3.28	19,254	9,519	22,470	51,243	48,490
Total		27,539	9,519	22,470	59,528	56,775

	Weighted average interest rate	On demand or within 1 year	1-2 years	2–5 years	Total undiscounted cash flows	Total Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Non-interest bearing						
Trade and other payables	–	26,514	–	–	26,514	26,514
Amount due to a shareholder	–	546	–	–	546	546
Interest bearing						
Bank borrowings	3.14	9,214	9,517	12,267	30,998	29,430
Lease liabilities	3.30	168	167	57	392	377
Total		36,442	9,684	12,324	58,450	56,867
As at August 31, 2025						
Non-interest bearing						
Trade and other payables	–	145,316	–	–	145,316	145,316
Amount due to a shareholder	–	452	–	–	452	452
Interest bearing						
Bank borrowings	3.04	–	–	107	107	100
Lease liabilities	3.30	168	140	–	308	300
Total		145,936	140	107	146,183	146,168

The Target Company

	Weighted average interest rate	On demand or within 1 year	1-2 years	2–5 years	Total undiscounted cash flows	Total Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Non-interest bearing						
Trade and other payables	–	1,630	–	–	1,630	1,630
Amount due to a subsidiary	–	1,200	–	–	1,200	1,200
Interest bearing						
Bank borrowings	3.25	10,038	–	–	10,038	10,000
Total		12,868	–	–	12,868	12,830

	Weighted average interest rate	On demand or within 1 year	1-2 years	2–5 years	Total undiscounted cash flows	Total Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024						
Non-interest bearing						
Trade and other payables	–	5,829	–	–	5,829	5,829
Amount due to a shareholder	–	420	–	–	420	420
Amount due to a subsidiary	–	8,294	–	–	8,294	8,294
Total		14,543	–	–	14,543	14,543
As at August 31, 2025						
Non-interest bearing						
Trade and other payables	–	110,839	–	–	110,839	110,839
Amount due to a shareholder	–	340	–	–	340	340
Amount due to a subsidiary	–	12,838	–	–	12,838	12,838
Total		124,017	–	–	124,017	124,017

Fair value measurement of financial instruments

The management of the Target Group has closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of financial instruments, the Target Group uses market-observable data to the extent it is available.

Fair value estimation

(i) Fair value of financial instruments that are measured at fair value

Some of the Target Group's and the Target Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	31-Dec-23	31-Dec-24	31-Aug-25		
Short-term bank structured deposits with variable interest rate	28,447	55,740	70,502	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities and bonds) of the fund

(ii) Fair value of the Target Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in consolidated financial statements, approximate their fair value.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Bank borrowings	Redemption liabilities	Dividend payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	562	62,410	–	–	62,972
Financing cash flows	(571)	(16,350)	(86,082)	–	(103,003)
Recognition of redemption liabilities *(note 28)*	–	–	79,881	–	79,881
Interest expenses	9	2,430	6,201	–	8,640
At December 31, 2023	–	48,490	–	–	48,490
Financing cash flows	(347)	(20,180)	–	–	(20,527)
New leases entered	1,024	–	–	–	1,024
Lease termination	(313)	–	–	–	(313)
Interest expenses	13	1,120	–	–	1,133
At December 31, 2024	377	29,430	–	–	29,807
Financing cash flows	(84)	(29,511)	–	(13,000)	(42,595)
Interest expenses	7	181	–	–	188
Dividend declared	–	–	–	120,000	120,000
At August 31, 2025	300	100	–	107,000	107,400
At December 31, 2023	–	48,490	–	–	48,490
Financing cash flows	(263)	(15,300)	–	–	(15,563)
New leases entered	1,024	–	–	–	1,024
Lease termination	(313)	–	–	–	(313)
Interest expenses	8	770	–	–	778
At August 31, 2024 (unaudited)	456	33,960	–	–	34,416

35. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these Historical Financial Information, the Target Group has following transactions carried out between the Target Group and its related parties in the ordinary course of business during the Relevant Period, and balances arising from related party transactions as at December 31, 2023 and 2024 and August 31, 2025 respectively:

(a) Related party transaction

The Target Group and the Target Company have following transactions with related parties:

		Year ended December 31,		Eight months ended August 31,	
Related party	**Nature of transactions**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Mr. Zheng	Leases expenses	–	94	40	107

(b) Compensation of key management personnel

The remuneration of directors, supervisors and other members of key management during the Relevant Period was as follows:

	Year ended December 31,		Eight months ended August 31,	
	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and other allowances	2,171	1,970	1,315	1,382
Retirement benefits	218	175	114	126
Performance related bonus	332	447	11	–
Total	2,721	2,592	1,440	1,508

The remuneration of key management personnel is determined with reference to the performance of the individuals and the market trends.

36. PARTICULARS OF SUBSIDIARY OF THE TARGET COMPANY

During the Relevant Period and as at the date of this report, details of the subsidiary directly held by the Target Company are set out below:

Entity name	Date of incorporation	Country/ Place of incorporation, legal status	Registered/ Issued and paid-up capital	Attributable equity interest of The Target Group: As at December 31, 2023	As at December 31, 2024	As at August 31, 2025	Principal activities
			RMB'000				
Directly held:							
Hubei Celludye 湖北影像	June 9, 2020	PRC, Limited Liability Company	110,000	100%	100%	100%	Manufacturing dyes and inks

The English translation of the name of the above company is for reference only. The official name of the entity is in Chinese.

Notes:

(i) As at the end of each reporting period, the subsidiary has not issued any debt securities.

(ii) The financial statements of the subsidiary for the years ended December 31, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises. The financial statements of the subsidiary for the years ended December 31, 2023, was audited by Wuhan Zhonggu Certified Public Accountants Co., Ltd ("武漢中穀會計師事務有限公司"), certified public accountants registered in the PRC. The financial statements of the subsidiary for the year ended December 31, 2024 were audited by Wuhan Lude Yucheng Certified Public Accountants (organized as a general partnership) ("武漢市路得宇誠會計師事務所(普通合夥)"), certified public accountants registered in the PRC.

37. EVENT AFTER THE END OF THE RELEVANT PERIOD

[There is no material event after the end of the Relevant Period.]

38. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Target Group and the Target Company or any of its subsidiary were prepared for any period after August 31, 2025.]