THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhongmiao Holdings (Qingdao) Co., Ltd**., you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Zhongmiao Holdings (Qingdao) Co., Ltd.
眾淼控股(青島)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1471)

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY

A letter from the Board is set out on pages 6 to 23 to this circular.

This circular is being despatched to Shareholders for information only, and written Shareholders' approval has been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

25 September 2025

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In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares
"Agreement"	the share transfer agreement dated 22 August 2025 entered into among the Company and the Vendors relating to the Acquisition
"Beijing Quanzhanggui"	Beijing Quanzhanggui Internet Technology Co., Ltd. (北京全掌櫃互聯網科技有限公司), a limited liability company established in the PRC on 28 April 2016, which was owned as to 70% by Zhang Zhiquan (張志全) and 30% by Li Jia (李佳), the spouse of Mr. Zhang
"Board"	the board of Directors
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company"	Zhongmiao Holdings (Qingdao) Co., Ltd. (眾淼控股(青島)股份有限公司), a joint stock company established in the PRC with limited liability on 16 March 2017 and the H Shares of which are listed on the Stock Exchange (stock code: 1471)
"Completion"	completion of the Acquisition (including the First Tranche Completion, the Second Tranche Completion and the Third Tranche Completion)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi and are not listed on any stock exchange
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group upon Completion
"First Tranche Completion"	the completion of the transfer of the First Tranche Sale Shares in accordance with the terms and conditions of the Agreement
"First Tranche Completion Date"	the date on which the First Tranche Completion takes place

"First Tranche Sale Shares"	10,981,600 issued shares of the Target Company held by Vendor A, being 11.44% of the issued shares of the Target Company as at the Latest Practicable Date, which are not subject to any trading restrictions
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of RMB1.0 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"Haier Group"	Haier Group Corporation (海爾集團公司)
"Hong Kong Underwriting Agreement"	has the meaning ascribed to it in the Prospectus
"Independent Third Party(ies)"	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
"International Underwriting Agreement"	has the meaning ascribed to it in the Prospectus
"Latest Practicable Date"	25 September 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
"NEEQ"	The National Equities Exchange And Quotations Co., Ltd.
"PRC" or "China"	the People's Republic of China, and for the purpose of this circular only, excluding Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated 29 July 2024
"Qingdao Haichuang"	Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司), a limited liability company established in the PRC on 13 October 2017 and is wholly owned by Lu Yao (鹿遙), chairman of the Board, an executive Director and the general manager of the Company

"Qingdao Haichuanghui"	Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) (青島海創匯融海創業投資中心(有限合夥)), a limited partnership established in the PRC on 20 December 2016, owned as to 1.00% by Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資有限公司) as its general partner, as to 49.50% each by Qingdao Haichuanghui Investment Co., Ltd. (青島海創匯投資有限公司) and Qingdao Ronghai Guotou Equity Investment Fund Co., Ltd. (青島融海國投股權投資基金有限公司) as its limited partners, and one of the controlling shareholders of the Company
"Qingdao Haiyinghui"	Qingdao Haiyinghui Management Consulting Co., Ltd. (青島海盈匯管理諮詢有限公司), a limited liability company established in the PRC on 23 February 2017, ultimately controlled by Haier Group, and one of the controlling shareholders of the Company
"RMB"	the lawful currency of the PRC
"Sale Shares"	the First Tranche Sale Shares, the Second Tranche Sale Shares and the Third Tranche Sale Shares (i.e. being a total of 52,800,000 issued shares of the Target Company)
"Second Tranche Completion"	the completion of the transfer of the Second Tranche Sale Shares in accordance with the terms and conditions of the Agreement
"Second Tranche Completion Date"	the date on which the Second Tranche Completion takes place
"Second Tranche Sale Shares"	11,676,000 issued shares of the Target Company held by Vendor B, being 12.16% of the issued shares of the Target Company as at the Latest Practicable Date, which are subject to trading restrictions imposed on directors, supervisors and senior management under the requirements of the guidelines as published by the NEEQ and the Company Law of the PRC and are expected to be released six months after Vendor B ceased to be a director of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shanghai Zhaoqi"	Shanghai Zhaoqi Management Consulting Partnership (Limited Partnership) (上海嬰奇管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on 1 February 2018 and owned as to 0.20% by Qingdao Haichuang as its general partner and Lu Yao (鹿遙), Zhang Zhiquan (張志全), Li Tian (李甜), Wang Heping (王合平), Zhu Rongwei (朱榮偉), Wang Yangyang (王陽陽), Beijing Quanzhanggui and other 9 employees as its limited partners (as to 27.20%, 31.40%, 2.00%, 5.00%, 0.20%, 0.20%, 28.60% and 5.20%), and a substantial Shareholder of the Company
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Foreign Shares and H Shares
"Shareholder(s)"	the holder(s) of the Share(s)
"Share Pledge Agreement"	the share pledge agreement entered into among the Vendors and the Company on 22 August 2025, pursuant to which the Vendors agreed to pledge the Second Tranche Sale Shares and the Third Tranche Sale Shares in favour of the Company with effect from the date of the first tranche payment of the consideration for the Sale Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning as ascribed under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Target Company"	Beijing Kechuang Rongxin Technology Co., Ltd. (北京科創融鑫科技股份有限公司), a company established in the PRC with limited liability and the shares of which are listed on the NEEQ (stock code: 839037)
"Target Group"	Target Company and its subsidiaries
"Third Tranche Completion"	the completion of the transfer of the Third Tranche Sale Shares in accordance with the terms and conditions of the Agreement
"Third Tranche Completion Date"	the date on which the Third Tranche Completion takes place

"Third Tranche Sale Shares"	30,142,400 issued shares of the Target Company held by Vendor A, being 31.40% of the issued shares of the Target Company as at the Latest Practicable Date, which are subject to trading restrictions imposed on directors, supervisors and senior management under the requirements of the guidelines as published by the NEEQ and the Company Law of the PRC and are expected to be released six months after Vendor A ceases to be a director of the Target Company
"Valuation Date"	31 March 2025
"Valuation Report"	the report dated 21 August 2025 prepared by the Valuer on the indicative fair market valuation of the Target Company, the text of which is set out in Appendix VIII
"Valuer"	Qingdao Deming Assets Evaluation Co., Ltd (青島德銘資產評估有限公司)
"Vendor A"	Li Yanbai (李焰白)
"Vendor B"	Chai Hong (柴紅)
"Vendors"	collectively, Vendor A and Vendor B
"Voting Rights Entrustment Agreement"	the voting rights entrustment agreement entered into among the Vendors and the Company on 22 August 2025, pursuant to which the Vendors agreed to entrust the Company with the exercise of all shareholder rights (including voting, nomination, proposal, information and dividend rights) attached to the Second Tranche Sales Shares and the Third Sales Shares with effect from the date of the first tranche payment of the consideration for the Sale Shares
"%"	per cent

Zhongmiao Holdings (Qingdao) Co., Ltd.
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(Stock Code: 1471)

Executive Directors:
Mr. Lu Yao (鹿遙) *(Chairman)*
Mr. Zhang Zhiquan (張志全)
Ms. Li Tian (李甜)
Mr. Wang Heping (王合平)

Independent non-executive Directors:
Ms. Fang Qiaoling (房巧玲)
Mr. Chung Wai Man (鍾偉文)
Ms. Ng Sin Kiu (吳先僑)

Registered Office in the PRC:
No. 187 Jinshui Road
Licang District
Qingdao, Shandong
PRC

Headquarters and Principal Place of Business:
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Room 1917,19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

25 September 2025

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 55% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 22 August 2025 regarding the Acquisition.

On 22 August 2025 (after trading hours), the Company and the Vendors entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, an aggregate of 55% equity interest in the Target Company at the consideration of RMB165 million in cash, which is subject to adjustments in accordance with the terms of the Agreement.

Upon Completion, the Company will own 55% equity interest in the Target Company, and the Target Company will become a non-wholly owned subsidiary of the Company, and the results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:	22 August 2025 (after trading hours)
Parties:	(i) the Company; and
	(ii) the Vendors.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Company conditionally agreed to acquire, and the Vendors conditionally agreed to sell 55% equity interest in the Target Company at the consideration of RMB165 million in cash, which is subject to adjustments as set out in the below section headed "Profit guarantee and adjustment to the consideration".

Consideration

The consideration for the Sale Shares shall be payable by the Company to the Vendors in the following manner:

The first tranche payment

(1) The Company shall pay RMB85,675,000 and RMB24,325,000 to Vendor A and Vendor B, respectively (an aggregate amount of RMB110,000,000), within 15 business days after the fulfilment of, among others, the following conditions:

(a) the Vendors' representations and warranties in the Agreement are true, accurate, complete and not misleading as at the date of the Agreement and remain so as at the date of payment, and the Vendors have performed all covenants and undertakings required to be performed by the date of payment;

(b) no law, regulation or governmental order has been enacted, adopted, promulgated or implemented that would render the proposed transaction illegal or would restrict or prohibit the transaction;

(c) there is no existing or threatened claim, litigation, arbitration or other proceeding against any of the Vendors and/or any member of the Target Group that would (i) restrain or restrict the transaction, (ii) materially change the terms of the transaction, (iii) make completion impossible or unlawful, or (iv) have a material adverse effect on the transaction;

(d) the Agreement and the related ancillary documents (including, without limitation, the NEEQ transfer confirmation application form, a notarised copy of the Agreement signed by the Vendors (if applicable), powers of attorney, etc.) have been duly executed by the relevant parties and delivered to the Company;

(e) relevant approvals and consents have been obtained, including but not limited to: (i) spouse's consent of each of the Vendors (where required); (ii) review/confirmation and any required filing or registration by the NEEQ or equivalent body (including formal review of submitted materials and filing/recording of the announced acquisition report); (iii) any required third-party consents (e.g. creditors), if applicable; and (iv) the Company's internal and external approvals (including board and/or shareholder resolutions and any approvals or consents from the Stock Exchange or other relevant regulators, if applicable);

(f) no event or series of events has occurred (nor is reasonably expected to occur) that would cause a material adverse effect;

(g) the Vendors and the Company have signed the Voting Rights Entrustment Agreement, irrevocably and exclusively entrusting the Company with the exercise of all shareholder rights (including voting, nomination, proposal, information and dividend rights) attached to the Second Tranche Sales Shares and the Third Sales Shares in accordance with Company Law of the PRC and the articles of association of the Target Company;

(h) the Vendors and the Company have signed the Share Pledge Agreement, pledging the Second Tranche Sales Shares and Third Tranche Sales Shares to the Company; and

(i) the Target Company and/or other members of the Target Group have entered into employment agreements, confidentiality agreements and non-competition agreements (in forms and substance satisfactory to the Company) with the Vendors and the directors, supervisors, senior management and management team of the Target Company.

The second tranche payment

(2) The Company shall pay RMB42,837,500 and RMB12,162,500 to Vendor A and Vendor B, respectively (an aggregate amount of RMB55,000,000), within 15 business days after the fulfilment of, among others, the following conditions:

(a) the conditions applicable to the first tranche payment shall continue to be satisfied on the date of the second tranche payment;

(b) all the Sale Shares have been transferred and registered, and the China Securities Depository and Clearing Entity (or other applicable securities registration body) has registered all the Sale Shares in the Company's securities account in accordance with the Agreement;

(c) an audit firm acceptable to the Company has issued an unqualified audit report for the consolidated financial statements of the Target Company for the year ending 31 December 2025; and

(d) the Vendors have obtained (i) the "Individual Income Tax Settlement/Declaration Form for Gains from the Transfer of Restricted Shares" that has been reviewed and confirmed by the competent tax authority, and (ii) tax payment receipt(s)/ certificate(s) issued by the competent tax authority (where applicable).

The Group currently expects to finance the payment of the consideration for the Sale Shares by internal resources (including net proceeds from the listing of the Company of approximately RMB18 million) and loan facilities of approximately of not more than RMB217.8 million, of which RMB88 million will be used for payment of the initial consideration and the remaining amount will be used for payment of any additional consideration required under the Agreement.

Profit guarantee and adjustment to the consideration

The Vendors guarantee that the Target Company's net profit attributable to owners of the parent company on a consolidated basis (the "**Profit**") shall not be lower than the targets for each of the financial year ending 31 December 2026, 2027 and 2028 (the "**Performance Period**") as set out in the table below, provided that the first tranche payment of the consideration for the Sale Shares has been made by the Company:

	For the financial year ending 31 December		
	2026	**2027**	**2028**
		RMB	
Target Profit	36,000,000	40,000,000	44,000,000
Target Profit accumulated since 1 January 2026 (the "**Accumulated Profit**")	36,000,000	76,000,000	120,000,000

The Consideration shall be subject to the following adjustments after each of Target Company's audited report of the consolidated financial statements for the financial years ending 31 December 2026, 2027 and 2028 is issued:

(a) If both the actual Profit and Accumulated Profit for the year meet the target requirements, the Company shall pay the Vendors an adjustment amount as additional consideration based on the formula set out below:

Adjustment amount = Actual Profit / Target Profit (whichever is lower) x $11^{(1)}$ x 55% – initial consideration (i.e. RMB165,000,000) – any adjustment amount payable by the Company

(b) If either the actual Profit or Accumulated Profit for the year fails to meet the target requirements, the Company shall pay the Vendors an adjustment amount as additional consideration based on the formula set out below:

Adjustment amount = Actual Profit / Target Profit (whichever is lower) x $10^{(2)}$ x 55% – initial consideration (i.e. RMB165,000,000) – any adjustment amount payable by the Company

Notes:

(1) The ratio of 11x is determined by dividing the appraised value of the Target Company of approximately RMB484.4 million as set out in the Valuation Report by the target Profit for the financial year ending 31 December 2028 of RMB44 million (i.e. RMB484 million / RMB44 million = 11x).

(2) The ratio of 10x is determined by the Company and the Vendors to lower the ratio by 1x in the adjustment amount formula in the case that either the actual Profit or Accumulated Profit fails to meet the target requirements (i.e. 11x-1x =10x).

Where the adjustment amount calculated based on the above formula is less than or equal to zero, the Company is not required to pay any additional consideration. Where the adjustment amount calculated based on the above formula is greater than zero, the Company shall pay the adjustment amount as additional consideration to the Vendors within 30 business days after the Target Company's audited report of the consolidated financial statements for the previous financial year is issued.

In the event that the adjustment amount for the financial year ending 31 December 2026 reaches RMB52,800,000, the Company shall pay RMB52,800,000 as additional consideration by three instalments: (i) 65% (i.e. RMB34,320,000) within 30 business days after the Target Company's audited report of the consolidated financial statements for the year ending 31 December 2026 is issued; (ii) 20% (i.e. RMB10,560,000) (the "**First Deferred Payment**") at the same time when the adjustment amount for the financial year ending 31 December 2027 is paid; and (iii) 15% (i.e. RMB7,920,000) (the "**Second Deferred Payment**") at the same time when the adjustment amount for the financial year ending 31 December 2028 is paid. For the avoidance of doubt, if no adjustment amount is payable for the financial year ending 31 December 2027, the time of the First Deferred Payment shall be further deferred to the time of the Second Deferred Payment according to the following manners:

(a) if the adjustment amount for the financial year ending 31 December 2028 is greater than zero, the Company shall pay the First Deferred Payment and the Second Deferred Payment at the same time when the adjustment amount is paid;

(b) if the adjustment amount for the financial year ending 31 December 2028 is equal to or less than zero and the absolute amount of the adjustment amount is less than the sum of the First Deferred Payment and the Second Deferred Payment (i.e. RMB18,480,000), the Company shall pay the Vendors the difference between RMB18,480,000 and absolute amount of the adjustment amount as deferred payment in lieu of the First Deferred Payment and the Second Deferred Payment; or

(c) if the adjustment amount for the financial year ending 31 December 2028 is equal to or less than zero and the absolute amount of the adjustment amount is greater than or equal to the sum of the First Deferred Payment and the Second Deferred Payment, no deferred payment (including the First Deferred Payment and Second Deferred Payment) shall be payable by the Company.

If (i) the adjusted valuation of the Target Company for any financial year during the Performance Period is lower than that of the previous financial year or (ii) any of the events as set in the below section headed "Cash compensation by the Vendors" occurs in any financial year during the Performance Period, no adjustment amount shall be payable by the Company for such financial year.

The Company and the Vendors shall carry out final settlement when the Target Company's audited report of the consolidated financial statements for the year ending 31 December 2028 is issued. If the adjustment amount for the financial year ending 31 December 2028 is less than zero, in addition to the Company not requiring to pay additional consideration, the Vendors shall refund the following amount to the Company within 30 business days after the Target Company's audited report of the consolidated financial statements for the financial year ending 31 December 2028 is issued:

Refund amount = Initial consideration (i.e. RMB165,000,000) + any adjustment amount paid by the Company – adjusted valuation of the Target Company for the financial year ending 31 December 2028 *(Note)* x 55%

Note:

Adjusted valuation of the Target Company = Actual Profit / Target Profit (whichever is lower) x 11 (if the actual Profit and the Accumulated Profit for the year meet the target requirements) or 10 (if either the actual profit or the Accumulated Profit for the year fails to meet the target requirements)

The following table sets out the adjustment amount under different scenarios:

Unit: in RMB million

Financial year ending 31 December	Target Profit	Accumulated Profit	Actual Profit for the year ending 31 December			Actual Accumulated Profit for the year ending 31 December			Cash compensation	PE ratio		Adjusted valuation of the Target Company	Adjustment amount to be paid by the Company (or refund amount to be paid by the Vendors) for the year
			2026	2027	2028	2026	2027	2028		10x	11x		
2026	36	36	**40**			**40**			**N/A**		√	**396**	**34.32**
			38			38			N/A		√	396	34.32
			36			36			N/A		√	396	34.32
			34			34			N/A	√		340	22.00
			30			30			N/A	√		300	0
			28			28			Yes				-165.00
2027	40	76	**40**	**44**			**84**		**N/A**		√	**440**	**34.76**
			36	42			78		N/A		√	440	34.76
			34	42			76		N/A		√	440	55.00
			30	40			70		N/A	√		400	55.00
			38	38			76		N/A	√		380	1.76
			34	38			72		N/A	√		380	22.00
			36	36			72		N/A	√		360	-9.24
			36	35			71		Yes				-199.32
			34	34			68		Yes				-187.00
2028	44	120	**40**	**44**	**46**			**130**	**N/A**		√	**484**	**32.12**
			38	38	46			122	N/A		√	484	56.32
			34	42	44			120	N/A		√	484	24.20
			36	42	42			120	N/A	√		420	-3.08
			34	38	48			120	N/A		√	484	57.20
			34	38	45			117	N/A	√		440	33.00
			38	38	42			118	N/A	√		420	21.12
			34	38	40			112	N/A	√		400	11.00
			36	42	40			118	Yes				-234.08
			36	36	36			108	Yes				-199.32

The Vendors shall share the additional consideration among themselves in accordance with the proportion of the Sales Shares transferred by each of them (i.e. 42.84%: 12.16%).

Under the Agreement, the highest adjusted valuation of the Target Company is RMB484,000,000 (which is calculated by multiplying RMB44,000,000 by 11), and the maximum adjustment amount payable by the Company is RMB101,200,000 (being 55% of the highest adjusted valuation less the initial consideration of RMB165,000,000). Furthermore, if none of the events as set in the below section headed "Cash compensation by the Vendors" occur during the Performance Period, the Company shall pay the Vendors an additional amount of RMB6,000,000 as bonus, which shall be shared among themselves in accordance with the proportion of the Sales Shares transferred by each of them (i.e. 42.84%: 12.16%). The additional amount of RMB6 million as bonus is a commercially negotiated and performance-contingent incentive that (i) recognises the existence of a higher valuation (under the market approach); and (ii) motivates the Vendors to procure the Target Company to meet the target profit.

Based on the above, the maximum amount of consideration is RMB272.2 million (being the initial consideration of RMB165 million + the maximum adjustment amount of RMB101.2 million + bonus of RMB6 million).

Basis of the consideration and adjustment to the consideration

The consideration for the Sale Shares and the adjustment were determined between the Company and the Vendors after arm's length negotiation with reference to, among other things, (i) the historical financial performance of the Target Company including the Profit; (ii) the Vendors' profit guarantee for the Performance Period; (iii) the Valuation Report; and (iv) the factors as set out in the section headed "Reasons for and Benefits of the Acquisition".

The target Profits between 2026 and 2028 were determined with reference to the historical performance and market position of the Target Company and the expected number of projects to be awarded to the Target Company during the Performance Period. In particular, the Board has considered, among other things, the following factors:

1. Although the tendering for the upcoming second-generation currency issuance project has not been restarted by the People's Bank of China, the acceptance work for the previously batch of awarded contracts is in its final phase and is expected to be completed by the fourth quarter of 2025. Based on the above, the Target Company expects that the procurement department of the People's Bank of China will restart the tendering for the new batch of project across 15 provinces in China in the fourth quarter of 2025 or the first quarter of 2026 and that the Target Company, with its current market share, will be awarded contracts in eight to nine provinces for the new batch of project;

2. It is expected that the Target Company will generate stable revenue from the provision of outsourced process management services for financial asset digitalisation, with approximately 40 provincial centres in China, each generating around RMB2 million annually; and

3. The Target Company has maintained a stable gross margin of approximately 35%, and cost efficiencies and economies of scale are expected to improve margins slightly in the coming financial years.

Cash compensation by the Vendors

After the first tranche payment of the consideration for the Sale Shares has been made, if any of the following events occurs, the Company shall have the right to require the Vendors to jointly and severally compensate the Company with the full amount of the consideration and any adjustment amount paid:

(1) the Target Company's Profit derived from the audited consolidated financial statements for the year ending 31 December 2025 is less than 90% of that of the previous year; or during Performance Period, the Target Company's Profit derived from the audited consolidated financial statements for any year is lower than that in the previous year; or the actual Accumulated Profit for any two consecutive financial years is less than 90% of the target Accumulated Profit for such years;

(2) the Vendors transfer any of the Sale Shares (including sale, mortgage, pledge, or forced execution/auction/sale due to disputes) such that the Company cannot complete registration of the remaining Sale Shares or cannot dispose of the shares of the Target Company;

(3) the Target Company or any of the Vendors commits a material breach, including but not limited to violating the representations, warranties or covenants as set out in the Agreement;

(4) prior to the end of the Performance Period, the Target Company or any of the Vendors is found to have engaged in serious illegal activity and is investigated by public security or prosecutors;

(5) the Target Company has any business qualifications, licenses or other necessary permits required for its main business revoked; or

(6) any of the Vendors fails to cooperate with the handover matters required under the Agreement, resulting in a corporate deadlock after the Company has made the first tranche payment of the consideration for the Sale Shares.

Completion of the transfer of the Sale Shares

Completion of the transfer of the First Tranche Sale Shares shall take place on the First Tranche Completion Date, which shall be within 10 business days after all the following conditions precedent have been fulfilled or waived (but no later than 10 business days after the first tranche payment of the consideration for the Sale Shares has been made):

(a) the representations, warranties and undertakings made by the Company in the Agreement are true, accurate, complete and not misleading as at the date of the Agreement and as at the First Tranche Completion Date;

(b) the NEEQ has reviewed and approved the transfer of the Sale Shares; and

(c) the Company has completed the first tranche payment of the consideration for the Sale Shares.

Completion of the transfer of the Second Tranche Sale Shares shall take place on the Second Tranche Completion Date, which shall be within three business days after all the conditions precedent have been fulfilled or waived (or such later date as the Company and the Vendors may agree in writing):

(a) the representations, warranties and undertakings made by the Company in the Agreement are true, accurate, complete and not misleading as at the date of the Agreement and as at the Second Tranche Completion Date;

(b) the Second Tranche Sale Shares have been released from trading restrictions, and the NEEQ has confirmed the lifting of such restrictions, and the status of the Second Tranche Sale Shares is shown as "unrestricted shares" under the CSDC system; and

(c) the Second Tranche Sale Shares have been released from pledge registration.

Completion of the transfer of the Third Tranche Sale Shares shall take place on the Third Tranche Completion Date, which shall be within three business days after all the conditions precedent have been fulfilled or waived (or such later date as the Company and the Vendors may agree in writing).

(a) the representations, warranties and undertakings made by the Company in the Agreement are true, accurate, complete and not misleading as at the date of the Agreement and as at the Third Tranche Completion Date;

(b) the Third Tranche Sale Shares have been released from trading restrictions and the NEEQ has confirmed the lifting of such restrictions, and the status of the Third Tranche Sale Shares is shown as "unrestricted shares" under the CSDC system; and

(c) the Third Tranche Sale Shares have been released from pledge registration.

Each of the Vendors irrevocably agrees that the dividend rights and amount in respect of the Second Tranche Sale Shares and the Third Tranche Sale Shares shall belong to the Company during the period from the First Tranche Completion Date to the Third Tranche Completion Date. Such dividend rights and amount shall include, without limitation, dividends, bonuses, distribution benefits arising from allotments, and any yields or accruals arising from dividends or bonuses. For the avoidance of doubt, if the Target Company's Profit for the period from 1 September 2025 to 31 December 2025 is not less than RMB12,000,000, the dividend attributable to the Sale Shares corresponding to the Target Company's Profit for the period from 1 July 2025 to 30 August 2025 shall belong to the Vendors; otherwise, such dividends shall belong to the Company. Except as otherwise provided herein, all undistributed profits of the Target Company attributable to the Sale Shares shall belong to the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activities of the Group are provision of insurance agency services, IT services and consulting services.

The Target Company is a professional service provider of financial asset digitalisation related products and services, primarily serving clients such as banks and financial institutions in the PRC. Focusing on the banking-sector cash-asset digitalisation track, the Target Company mainly provides (i) financial asset digitalisation related products and hardware and (ii) outsourced process management services for financial asset digitalisation. Financial asset digitalisation related products and hardware include second-generation currency issuance logistics management systems and RMB serial number circulation management systems and related equipment such as cash logistics equipment, coin recycling machines and portable handheld scanning terminals, which facilitate the transactions between central banks and commercial banks. Outsourced process management services refer to a centralised, outsourced RMB cash digitisation and clearing solution. Through standardised and structured regional clearing centres and specialised cash-handling equipment (e.g. sorters and counters), the Target Company conducts counterfeit detection, damage assessment, denomination sorting and records per-banknote serial/issue numbers. Clean, qualified notes are then delivered to the PBOC or reallocated to bank branches, while comprehensive digital records and analytics are provided as a full-process data service. Under the traditional clearing model, the PBOC and individual commercial banks maintain separate clearing centers, requiring banks to complete clearing at their own centers. At the same time, if the PBOC needs to record the serial numbers of collected banknotes, unpacking and re-clearing is required. The Target Company's concentrated, IT-enabled socialised clearing model consolidates dispersed clearing demands from multiple financial institutions into a single professional clearing center for a given region. This centralised approach generates scale economies, substantially reduces per-note handling costs, enables light-asset operations for client banks, and improves overall operational efficiency. The Target Company's business model implements unified, rigorous clearing procedures that meet PBOC standards, raising the consistency and speed of operations. The Target Company also captures, stores, and manages banknote prefix-and-serial-number data during the clearing process as a value-added service. This data-driven capability makes the entire cash flow informationised, enabling banks to manage cash transport, warehouse acceptance, and circulation traceability electronically and supporting full-process traceability for counterfeit or damaged notes. Leveraging the clearing centers as critical data collection and storage nodes, the Target Company can, at the municipal (city) level, construct an RMB "Internet of Things" system that aggregates currency lifecycle data across local financial institutions, which assists financial institutions in meeting the PBOC's requirements for full clearing and serial-number management while significantly enhancing banks' internal controls and service capabilities. The Target Company generates revenue mainly by selling the above hardware and software upfront to banks and financial institutions and building recurring income through software subscriptions, maintenance and service fees. These products and services support financial institutions' management upgrades, data security, and IT application innovation upgrades.

The Directors believe that the Acquisition will strategically extend the Group from an IT services provider into a broader fintech services provider focused on financial asset digitalisation. The Target Company's expertise in financial asset digitalisation and extensive technical and practical experience in the R&D of financial asset digitalisation equipment, including portable handheld scanning terminals and batch recognition systems for portal areas, complements the Company's insurance related IT capabilities such as intelligent claims processing, AI risk modelling and data analysis, which will enable joint solutions and cash-asset lifecycle products for bank and insurance scenarios. In particular, the Company may draw on the Target Company's technical know-how, such as its multi-dimensional sensor-fusion approaches (including optical imaging, magnetic and acoustic/sonic sensors) when developing the Company's warehouse risk-reduction solutions and intelligent claims terminals currently under exploration (especially for batch processing and anti-counterfeit scenarios). By sharing these technological expertise and experience, the Group can achieve more efficient R&D coordination, improve its development productivity, reduce R&D costs, and thereby realise potential cost-saving and efficiency-enhancement objectives. Furthermore, the Target Company's established client base with banks and financial institutions in the PRC creates new sales channels for the Group's services and cross-selling opportunities, enriching its product line while accelerating the digital upgrade of its insurance agency services. After the Acquisition, the Target Company will become a non-wholly owned subsidiary of the Company, which will facilitate capitalisation efforts, raise the market profile of the Target Company, and create a new business growth opportunities for the Target Company. In particular, the Directors believe that the Acquisition will bring the following benefits:

1. **Generating synergies:** Combining the Company's insurance agency business with the Target Company's financial asset digitisation services creates strong operational complementarity, which enables more accurate product recommendations, improved risk assessment, automated and intelligent claims handling, and joint development of cross-institution "bank + insurance" risk management systems. Furthermore, the Target Group is expected to provide stable income and profits for the Group.

2. **Enhancing client service capabilities:** Leveraging the Target Company's bank-system management experience and technology allows the Company to extend beyond traditional insurance boundaries and offer broader, integrated services to banking and corporate related clients. For example, insurance products can be bundled with bank cash management, asset flow-tracing, and custody-type services to create holistic solutions.

3. **Optimising industry positioning:** The Acquisition allows the Company to become a diversified financial-technology service provider through broadening its product portfolio and service scenarios into the financial asset digitisation, which enables the Company to build a multi-party ecosystem across banks and insurance companies, expanding market reach. As a result, the Company would enhance its industry influence, bargaining power, and strategic footprint within the fintech landscape, improving its ability to capture new revenue streams and to present a stronger, more differentiated market proposition.

4. **Strengthening competitive advantages:** Integrating the Target Company's capabilities in IoT, blockchain, and artificial intelligence elevates the Company's technological depth and product differentiation across fintech offerings, which increases research and development and delivery efficiency and improves client retention and stickiness, making it easier to attract and retain high-value institutional customers and to sustain long-term competitive advantages in the fintech and finance-adjacent markets.

Based on the factors as disclosed above, the Directors are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Company, after consulting its PRC legal advisers, confirms that the Acquisition is not subject to any filing requirements with the China Securities Regulatory Commission.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and the shares of which are listed on the NEEQ (stock code: 839037).

According to the financial statements of the Target Company, the net asset value of the Target Company as at 31 March 2025 was approximately RMB157.8 million. Set out below is the financial information of the Target Company for the two years ended 31 December 2023 and 31 December 2024, respectively:

	For the year ended 31 December 2023	**For the year ended 31 December 2024**
	(RMB'000)	*(RMB'000)*
	(audited)	(audited)
Net profit (before taxation)	32,913	38,012
Net profit (after taxation)	31,430	36,026

Please refer to Appendix II to this circular for a detailed management discussion and analysis of the Target Company.

VALUATION

According to the Valuation Report, the appraised value of the market value of the Target Company was approximately RMB484.4 million as at 31 March 2025. The Valuer prepared valuations under both market approach and income approach. While the income approach produced a valuation of approximately RMB484.4 million, the market approach produced a valuation of approximately RMB670 million. After negotiation between the Company and the Vendors, the parties agreed to adopt the income approach valuation as the basis of the consideration. In preparing the valuation, the Valuer applied the discounted cash flow analysis under the income approach based on certain assumptions to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, and the requirements under Rules 14.60A and 14.62 of the Listing Rules are therefore applicable.

Major Assumptions

The following are the general and specific assumptions, upon which the Valuation Report is based:

General assumptions

1. Transaction assumption: The subject is assumed to be in a transaction process; the valuers simulate market conditions based on the transaction terms.

2. Open-market assumption: Markets are assumed to be fully developed and competitive, with equal bargaining positions and adequate access to market information.

3. Continued-use of assets: Assets in use are assumed to continue to be used in their current location, manner and purpose after any change of ownership.

4. Going-concern assumption: The business is assumed to continue operating in its current state for the foreseeable future; the valuation does not account for effects of the specific transaction on operations.

5. External environment: No material changes are assumed in laws, regulations, policies, political/economic/social environment, interest rates, exchange rates, tax bases/rates or policy fees.

6. Management responsibility: Management is assumed to continue to perform responsibly and competently; the entity is assumed to comply with applicable laws and regulations.

7. Exclusions: The valuation does not consider potential future mortgages, guarantees, or premium payments arising from special transaction forms.

Specific assumptions

1. Accounting policy consistency: Future accounting policies are assumed to be materially consistent with those used to prepare this report.

2. Stable financial structure: The entity's financial structure and capital scale are assumed not to change materially during the forecast period.

3. Even timing of cash flows: Revenue and expenses are assumed to accrue evenly over each accounting year for the purpose of return calculations.

4. Operational continuity and relationships: The entity is assumed to continue as a going concern, maintain its current business model, and keep stable upstream/downstream relationships.

Basis for Valuation Assumptions

The valuation assumptions are formulated based on current knowledge and limited facts, using logical reasoning to make reasonable inferences or assumptions about the facts or premises supporting the asset valuation. These assumptions are the foundational conditions for the validity of the valuation conclusion. Asset valuation simulates market transactions to assess asset value. Given the ever-changing market environment, the Valuer needs to establish market conditions and factors affecting asset value in a certain state to analyse and judge the value of the Target Company.

Key Quantitative Inputs

(i) Revenue (Profitability) Forecast

1. Core Business Revenue:

The core business comprises the development, sales, and services of digital financial asset products, and outsourcing services for digital financial asset process management.

For the development, sales, and services of digital financial asset products, it includes second-generation hardware and software product sales, consumable product sales, maintenance services, and other related projects.

Based on the People's Bank of China's second-generation currency issuance project bidding, which is expected to occur after the third quarter of 2025 across 15 provinces, and the Target Company's current market share, it is predicted that the Target Company will be awarded contracts in eight to nine provinces. Historical service data suggests that new hardware and consumable sales will generate additional revenue of RMB25 million in 2026, RMB50 million in 2027, and RMB25 million in 2028, with a stable growth trend from 2025 to 2028, peaking in 2028 and stabilising post-2029.

Based on historical data, new projects to be awarded in the future are expected to generate additional revenue from operational and maintenance services of RMB7.5 million in 2027 and RMB15 million per year in 2028 and thereafter.

2. Other projects:

Other projects include domestic adaptation of hardware and software products and other related services.

Considering the current state and future needs for domestic adaptation in the financial industry, this business is expected to grow from 2025 to 2028, tapering off by 2029. Income projections are based on past adaptation projects and customer feedback.

3. Outsourcing Services for Digital Financial Asset Process Management:

This area has achieved stable operations across various subsidiaries, with around 40 provincial clearing service centers each generating approximately RMB2 million annually, totaling an annual revenue of RMB80 million, with stable contract renewals expected.

(ii) Capital Expenditure

Capital expenditure is the annual capital expenditure required to be incurred by an enterprise to ensure the normal development of its production and operation. Based on the financial information, engineering information and management presentation of the Target Company, only capital expenditure on renewals is considered. The amount of capital expenditure on renewals is consistent with the amount of depreciation and amortisation for the year over the forecast period and the perpetual period.

(iii) Discount Rate

The discount rate is derived using the following capital asset pricing model as set out on page VIII-25 of Appendix VIII to this circular, and the calculated discount rate is approximately 9.96%.

(iv) Terminal Growth Rate

The valuation assumes a perpetual growth rate of 0%, disregarding inflation factors.

Confirmations

HLB Hodgson Impey Cheng Limited, being the Company's reporting accountants, have reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuation of the Target Company prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies. The Directors confirm that the fair valuation of the Target Company as at the Valuation Date in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A report from HLB Hodgson Impey Cheng Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix VI to this circular; and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix VII to this circular.

INFORMATION OF THE GROUP AND THE VENDORS

Information of the Group

The Company is a joint stock company established in the PRC with limited liability on 16 March 2017 and the H Shares of which are listed on the Stock Exchange. The principal business activities of the Group are provision of insurance agency services, IT services and consulting services.

Information of the Vendors

The Vendors are PRC residents. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction under the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition and the transactions contemplated thereunder may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Subscription; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Acquisition. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective close associates have any material interest in the Acquisition and the transactions contemplated thereunder, and none of them is required to abstain from voting on the Acquisition and the transactions contemplated thereunder.

As at the Latest Practicable Date, Qingdao Haiyinghui (holding 56,000,000 Shares), Qingdao Haichuanghui (holding 8,000,000 Shares) and Shanghai Zhaoqi (holding 24,000,000 Shares), being a closely allied group of Shareholders, control an aggregate of 88,000,000 Shares, representing approximately 62.33% of the total issued shares of the Company. The Company has received written Shareholders' approval from the above Shareholders in respect of the Acquisition and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Acquisition and the transactions contemplated thereunder.

RECOMMENDATIONS

The Directors are of the view that the Agreement has been entered into on normal commercial terms, and the terms of the Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Agreement and the Acquisition at such general meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

By Order of the Board
Zhongmiao Holdings (Qingdao) Co., Ltd.
Lu Yao
Chairman and executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the three years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents, which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.haierbx.net):

(a) Prospectus:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0729/2024072900013.pdf

(b) 2024 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043000037.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2025, being the most recent practicable date for the purpose of this indebtedness statement of this circular, the Enlarged Group had lease liabilities of approximately RMB2.5 million.

Save as aforesaid and apart from intra-group liabilities, the Enlarged Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptances credits, or any guarantees, or any other contingent liabilities outstanding as at the close of business on 31 July 2025.

3. WORKING CAPITAL

Taking into account the present internal financial resources available to the Company (including net proceeds from the listing of the Company) and loan facilities, the Directors are of the opinion that, the Company has sufficient working capital for its requirements for at least 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there had not been any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL EFFECTS OF THE ACQUISITION

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the financial statements of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group illustrating the financial impact of the Acquisition assuming the completion of the Acquisition had taken place on 30 June 2025 is set out in Appendix IV to this circular. Because of its hypothetical nature, the unaudited pro forma financial information does not purport to describe the actual financial position of the Enlarged Group that would have been attained, had the Acquisition been completed on 30 June 2025 or any future dates.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, assuming the Completion had taken place on 30 June 2025, (i) the consolidated total assets of the Enlarged Group would be increased by approximately RMB268.7 million to approximately RMB916.1 million; and (ii) the consolidated total liabilities of the Enlarged Group would be increased by approximately RMB161.6 million to approximately RMB204.5 million.

According to the accountants' report on the Target Group as set out in Appendix II to this circular, the Target Group recorded total comprehensive income of approximately RMB36.0 million for the year ended 31 December 2024.

In light of the potential future prospects offered by the Acquisition as stated in the section headed "Reasons for and benefits of the Acquisition" in this Letter from the Board, it is expected that the Acquisition would have a positive impact on the Enlarged Group's revenue base and earnings in the future.

6. FINANCIAL AND TRADING PROSPECT OF THE COMPANY

The Group is an insurance agency service provider in Shandong province, the PRC. The Group's insurance agency services strategically target both corporate and household insurance client markets, dedicated to providing insurance users with an ample product portfolio and customizing optimal insurance solutions. The Group's insurance products covered four major categories including (i) property insurance products; (ii) life and health insurance products; (iii) accident insurance products; and (iv) automobile insurance products, covering mainstream insurance products in the market. The Group's business comprises three main segments: (i) insurance agency business; (ii) IT services; and (iii) consulting services.

According to the "Almanac of China's Insurance", China's insurance intermediary market has become the main channel for the sale of insurance products and an important part of the insurance industry chain, playing an indispensable role in supporting the development of the real economy and improving the standard of insurance protection. Furthermore, the insurance professional intermediary channel has realised a relatively fast growth in the scale of premiums, and in the past decade, the scale of realised premiums has continued to grow at an average annual growth rate of 22.42%. Amid the industry's robust growth momentum, the Company delivered particularly outstanding performance: from 2021 to 2024, the Group achieved a CAGR of 34.4% in total premiums facilitated. This underscores the Company's strong market competitiveness and growth potential.

The Group's long-term strategic objective is to anchor its differentiated "technology + scenarios + ecosystem" model to support the continuous iteration of user experience. To continue on the rapid development in principal business, the Group intend to adopt the following strategies:

- Continuous expansion of the ecosystem;

- Proactive adoption of artificial intelligence ("**AI**") by focusing on (i) AI + risk mitigation; (ii) intelligent customer service; and (iii) intelligent claims processing; and

- Selective investments and acquisitions in insurance intermediary and fintech industry.

The following is the text of a report set out on pages II-1 to II-79, received from the Company's reporting accountant, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONGMIAO HOLDINGS (QINGDAO) CO., LTD.

Introduction

We report on the historical financial information of Beijing Kechuang Rongxin Technology Co., Ltd. (the "**Target**") and its subsidiaries (together, the "**Target Group**") set out on pages II-4 to II-75, which comprises the consolidated and company statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 March 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 years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-75 forms an integral part of this report, which has been prepared for inclusion in the circular of Zhongmiao Holdings (Qingdao) Co., Ltd. (the "**Company**") dated 25 September 2025 (the "**Circular**") in connection with the acquisition of 55% of the entire issued share capital of the Target Group by the Company.

Directors' responsibility for the Historical Financial Information

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

The financial statements of the Target Group for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Target. The directors of the Target are responsible for the preparation and fair presentation of the Underlying Financial Statements that gives a true and fair view in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (the "**IASB**") and for such internal control as the directors determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's 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 accountant's 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 accountant consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the 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 purposes of the accountant's report, a true and fair view of the financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 March 2025 and the consolidated financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 31 March 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 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 Three months ended 31 March 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Tien Sun Kit, Jack
Practising Certificate Number: P07364

Hong Kong, 25 September 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The Historical Financial Information is presented in Renminbi ("**RMB**") except when otherwise indicated.

Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December			For the three months ended 31 March	
		2022	**2023**	**2024**	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	*5*	176,259	148,541	127,629	29,431	24,589
Cost of sales		(117,254)	(96,658)	(72,524)	(16,165)	(17,588)
Gross profit		59,005	51,883	55,105	13,266	7,001
Other income	*6*	5,267	4,387	3,911	490	239
Other gains or losses, net	*7*	(534)	(1,025)	(4)	(66)	(221)
Selling and distribution expenses		(5,445)	(3,318)	(2,580)	(590)	(522)
Administrative expenses		(16,616)	(16,716)	(16,133)	(3,619)	(3,408)
Research and development costs		(5,311)	(4,549)	(4,715)	(913)	(752)
Expected credit losses in respect of trade and other receivables and contract assets, net		(1,901)	(785)	(534)	(20)	(363)
(Provision)/reversal of impairment loss in respect of inventories		–	(139)	482	–	(62)
Finance costs	*9*	(95)	(101)	(90)	(14)	(14)
Share of profits and losses of joint venture		1,217	2,675	1,927	(269)	(154)
Share of profits and losses of associates		(99)	601	643	31	–
PROFIT BEFORE TAX	*8*	35,488	32,913	38,012	8,296	1,744
Income tax expenses	*11*	(3,301)	(1,483)	(1,986)	(1,168)	(259)
PROFIT FOR THE YEAR		32,187	31,430	36,026	7,128	1,485

	Notes	Year ended 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	For the three months ended 31 March 2024 RMB'000 (Unaudited)	2025 RMB'000
OTHER COMPREHENSIVE INCOME/(LOSS)						
Items that will not be reclassified to profit or loss in subsequent periods:						
Change in fair value of equity investments designated at fair value through other comprehensive income ("**FVTOCI**"), net of tax		–	(2)	(20)	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		32,187	31,428	36,006	7,128	1,485
Profit for the year attributable to:						
Owners of the Company		29,834	27,438	30,762	6,728	745
Non-controlling interests		2,353	3,992	5,264	400	740
		32,187	31,430	36,026	7,128	1,485
Total comprehensive income/(loss) attributable to:						
Owners of the Company		29,834	27,436	30,742	6,728	745
Non-controlling interests		2,353	3,992	5,264	400	740
		32,187	31,428	36,006	7,128	1,485
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY						
Basic *(RMB per share)*	*13*	0.3315	0.2884	0.3204	0.0701	0.0078
Diluted *(RMB per share)*	*13*	0.3315	0.2884	0.3204	0.0701	0.0078

Consolidated statements of financial position

	Notes	As at 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	As at 31 March 2025 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	15,692	12,149	11,903	11,004
Investment properties	*16*	1,084	1,037	990	979
Right-of-use assets	*17(a)*	2,317	2,592	2,155	2,264
Interest in associates	*18*	2,584	2,558	2,699	2,699
Interests in joint ventures	*19*	9,727	12,675	13,398	11,980
Equity investments designated at FVTOCI	*20*	38	36	–	–
Deferred tax assets	*31*	2,585	3,295	3,218	3,275
Total non-current assets		34,027	34,342	34,363	32,201
CURRENT ASSETS					
Inventories	*22*	57,244	59,923	51,135	47,143
Trade receivables	*23*	18,083	16,418	23,177	30,124
Contract assets	*25*	1,491	1,132	982	1,112
Prepayments, deposits and other receivables	*24*	14,817	11,157	7,673	13,549
Financial assets measured at FVTPL	*21*	–	–	–	10,997
Cash and cash equivalents	*26*	102,757	133,463	88,453	68,675
Total current assets		194,392	222,093	171,420	171,600
CURRENT LIABILITIES					
Trade payables	*27*	3,745	3,031	1,959	2,384
Accruals and other payables	*28*	19,158	8,132	5,772	3,537
Dividends payable		377	–	1,310	1,310
Contract liabilities	*29*	15,467	11,785	5,854	4,304
Lease liabilities	*17(b)*	526	939	993	754
Current taxation payables		2,455	20	1,453	1,480
Total current liabilities		41,728	23,907	17,341	13,769
NET CURRENT ASSETS		152,664	198,186	154,079	157,831
TOTAL ASSETS LESS CURRENT LIABILITIES		186,691	232,528	188,442	190,032

	Notes	As at 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	As at 31 March 2025 RMB'000
NON-CURRENT LIABILITIES					
Lease liabilities	*17(b)*	1,367	1,395	1,036	1,096
Deferred tax liabilities	*31*	–	599	529	573
Provisions	*30*	252	223	198	199
Total non-current liabilities		1,619	2,217	1,763	1,868
Net assets		185,072	230,311	186,679	188,164
EQUITY					
Share capital	*32*	90,000	96,000	96,000	96,000
Reserves	*33(a)*	87,266	120,702	76,564	77,312
Equity attributable to owners of the Company		177,266	216,702	172,564	173,312
Non-controlling interests	*33(b)*	7,806	13,609	14,115	14,852
Total equity		185,072	230,311	186,679	188,164

Consolidated statements of changes in equity

	Attributable to owners of the Target Group							
		Reserves						
	Shate capital *RMB'000*	Capital reserve *RMB'000*	FVTOCI reserve *RMB'000*	Statutory reserve *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2022	90,000	4,501	–	11,111	70,620	176,232	6,751	182,983
Profit for the year	–	–	–	–	29,834	29,834	2,353	32,187
Total comprehensive income for the year	–	–	–	–	29,834	29,834	2,353	32,187
Capital injection from non-controlling interest	–	–	–	–	–	–	866	866
Dividends payments	–	–	–	–	(28,800)	(28,800)	(1,889)	(30,689)
Transfer to statutory reserve	–	–	–	527	(527)	–	–	–
Other changes	–	–	–	–	–	–	(275)	(275)
At 31 December 2022	90,000	4,501	–	11,638	71,127	177,266	7,806	185,072
At 1 January 2023	90,000	4,501	–	11,638	71,127	177,266	7,806	185,072
Profit for the year	–	–	–	–	27,438	27,438	3,992	31,430
Other comprehensive income for the year	–	–	(2)	–	–	(2)	–	(2)
Total comprehensive income for the year	–	–	(2)	–	27,438	27,436	3,992	31,428
Issue of shares	6,000	6,000	–	–	–	12,000	–	12,000
Capital injection from non-controlling interest	–	–		–	–	–	4,378	4,378
Dividends payments	–	–	–	–	–	–	(1,950)	(1,950)
Transfer to statutory reserve	–	–	–	4,545	(4,545)	–	–	–
Other changes	–	–	–	–		–	(617)	(617)
At 31 December 2023	96,000	10,501	(2)	16,183	94,020	216,702	13,609	230,311

	Attributable to owners of the Target Group							
		Reserves						
	Shate capital *RMB'000*	Capital reserve *RMB'000*	FVTOCI reserve *RMB'000*	Statutory reserve *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2024	96,000	10,501	(2)	16,183	94,020	216,702	13,609	230,311
Profit for the year	–	–	–	–	30,762	30,762	5,264	36,026
Other comprehensive income for the year	–	–	(20)	–	–	(20)	–	(20)
Total comprehensive income for the year	–	–	(20)	–	30,762	30,742	5,264	36,006
Capital injection from non-controlling interest	–	–	–	–	–	–	2,121	2,121
Dividends payments	–	–	–	–	(74,880)	(74,880)	(6,479)	(81,359)
Transfer to statutory reserve	–	–	–	4,082	(4,082)	–	–	–
Other changes	–	–	18	–	(18)	–	(400)	(400)
At 31 December 2024	96,000	10,501	(4)	20,265	45,802	172,564	14,115	186,679
At 1 January 2025	96,000	10,501	(4)	20,265	45,802	172,564	14,115	186,679
Profit for the year	–	–	–	–	745	745	740	1,485
Total comprehensive income for the year	–	–	–	–	745	745	740	1,485
At 31 March 2025	96,000	10,501	(4)	20,265	46,547	173,309	14,855	188,164

Consolidated statements of cash flows

	Year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Profit before tax	35,488	32,913	38,012	8,296	1,744
Adjustments for:					
Finance costs	95	101	90	14	14
Interest income	(329)	(151)	(90)	(29)	(17)
Share of profits and losses of associates	99	(601)	(643)	(31)	–
Share of profits and losses of joint venture	(1,217)	(2,675)	(1,927)	269	154
Realised gains from financial investments measured at fair value through profit or loss	(463)	(785)	(662)	–	–
Fair value change of financial assets of FVTPL	–	–	–	–	(20)
Gain/(loss) on disposal of subsidiaries, net	(37)	20	–	–	–
Loss on disposal of property, plant and equipment	798	1,075	12	6	224
Depreciation of property, plant and equipment	4,687	4,226	3,205	1,050	783
Depreciation of investment properties	393	47	47	11	11
Depreciation of right-of-use assets	723	1,103	1,332	265	422
Impairment of prepayments, deposits and other receivables and contract assets, net	1,901	785	534	20	363
Impairment of inventories	–	139	(482)	–	62
Operating cash inflow before movements in working capital	42,138	36,197	39,428	9,871	3,740
Decrease/(increase) in inventories	7,177	(2,679)	8,788	773	3,992
Decrease/(increase) in trade receivables	9,423	1,557	(6,759)	(20,112)	(6,947)
Decrease/(increase) in prepayment, deposits and other receivables	(907)	3,767	2,873	(11)	(5,101)
Decrease/(increase) in contract assets	363	397	109	108	(128)
Decrease/(increase) in trade payables	(3,379)	(714)	(1,072)	2,156	426
Increase in other payables and accruals	(2,844)	(6,223)	(5,498)	(801)	(3,023)
Increase in contract liabilities	(31,218)	(3,682)	(5,931)	–	(1,550)

	Year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash generated from/(used in) operations activities	20,753	28,620	31,938	(8,016)	(8,591)
Income tax paid	(4,438)	(3,995)	(1,714)	(743)	(832)
Net cash generated from/(used in) operating activities	16,315	24,625	30,224	(8,759)	(9,423)
Cash flows from investing activities					
Payment for purchases of property, plant and equipment	(1,768)	(1,519)	(2,468)	(49)	(19)
Proceeds from disposal of property, plant and equipment	–	654	285	143	107
Cash paid for disposal of subsidiaries	(353)	(14)	–	–	–
Proceeds from disposal of associations	150	–	16	–	–
Dividends received from associates	732	1,597	3,709	2	1,278
Purchases of financial assets measured at amortised cost and financial assets at FVTPL	–	–	–	–	(10,997)
Investment in associates	(2,740)	(790)	(90)	–	–
Proceeds from disposal of partial interest in a subsidiary without loss of control	–	1,105	–	–	–
Net cash flows used in/(generated from) investing activities	(3,979)	1,033	1,452	96	(9,631)
Cash flows from financing activities					
Proceeds from issue of shares	12,000	–	–	–	–
Dividends paid to shareholders	(30,312)	(2,327)	(80,049)	–	–
Proceeds from sale of subsidiary's shares to non-controlling interests	–	3,734	2,112	–	–
Lease payments	(1,242)	(1,038)	(870)	(218)	(724)
Capital injection from joint operation	–	300	–	–	–
Capital injection from non-controlling shareholders	866	4,379	2,121	–	–

	Year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash flows (used in)/generated from financing activities	(18,688)	5,048	(76,686)	(218)	(724)
Net increase/(decrease) in cash and cash equivalents	(6,352)	30,706	(45,010)	(8,881)	(19,778)
Cash and cash equivalents at beginning of the year	109,109	102,757	133,463	133,463	88,453
Cash and cash equivalents at end of the year	102,757	133,463	88,453	124,582	68,675
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Non-pledged cash and bank balances	102,757	133,463	88,453	124,582	68,675
Cash and cash equivalents as stated in the statement of financial position	102,757	133,463	88,453	124,582	68,675

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Beijing Kechuang Rongxin Technology Co., Ltd. (the "**Target**") and its subsidiary (collectively, the "**Target Group**") are principally engaged in the provision of digital services and asset management services specializing in traditional and virtual financial assets. The Target was incorporated in the People's Republic of China (the "**PRC**"). The address of its registered office is room 1, 1/F, Building 1, Fengzhuyuan Area 2, No. 18 Jiaomen, Fengtai District, Beijing, the PRC (北京市豐台區角門18號楓竹苑二區1 號樓1層106).

These historical financial information are presented in Renminbi ("**RMB**") which is also the functional and presentation currency of the Target and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise stated.

2.1 BASIS OF PREPARATION

Theses Historical Financial Information have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**", which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

2.2 APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

Application of new and amendments to IFRS Accounting Standards

In the current year, the Target Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the Target Group's annual period beginning on 1 January 2024 for the preparation of the Historical Financial Information.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Statement of Cash flows and Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Target Group's financial position and performance for the current and prior years and/or on the disclosures set out in these Historical Financial Information.

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

The Target Group has not 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[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
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[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
IFRS 19	Subsidiaries without Public Accountability Disclosure[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

The directors of the Target anticipate that the application of all new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policy information adopted by the Target Group as set out below is consistent with the accounting policies of Zhongmiao Holdings (Qingdao) Co., Ltd., These policies have been consistently applied to all the year presented, unless otherwise stated.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Target and entities controlled by the Target and its subsidiaries. Control is achieved when the Target:

- 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.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Target Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Target and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Target Group's interests in existing subsidiaries

Changes in the Target Group's interests in subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Target Group and the non- controlling interests according to the Target Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Target.

When the Target Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Target. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Target Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share- based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below) and;

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Target Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Target Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Target Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Target Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates and joint ventures

An associate is an entity over which the Target Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these Historical Financial Information using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Historical Financial Information of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Target Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Target Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Target Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Target Group. When the Target Group's share of losses of an associate or joint venture exceeds the Target Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Target Group's net investment in the associate or joint venture), the Target Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Target Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Target Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Target Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Target Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Target Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Target Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Target Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Target Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Target Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Target Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Target Group reduces its ownership interest in an associate or a joint venture but the Target Group continues to use the equity method, the Target Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Target Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Target Group's Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Target Group.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Target Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Target Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Historical Financial Information only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets),the Target Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or
- the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Target Group's performance in transferring control of goods or services.

As a practical expedient, if the Target Group has a right to consideration in an amount that corresponds directly with the value of the Target Group's performance completed to date, the Target Group recognises revenue in the amount to which the Target Group has the right to invoice.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Target Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Target Group's performance in transferring control of goods or services.

For contracts that contain more than one performance obligation, the Target Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

(i) Sale of goods

Revenue is recognised when the control of the goods are considered to have been transferred to the customer.

(ii) Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Target Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Group reasonably expects that the effects on the Historical Financial Information would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of buildings, plant and machinery, tools, furniture and fixtures and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight- line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset 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;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for those that are classified as investment properties and measured under fair value model, 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 in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Target Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within investment properties.

Lease liabilities

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Target Group as a lessor

Classification and measurement of leases

Leases for which the Target Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Target Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Upon application of IFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Interest and rental income which are derived from the Target Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Target Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sublease

When the Target Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

The Target Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Target Group will comply with the conditions attaching to them. Grants that compensate the Target Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Target Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, and the other cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Pursuant to the relevant laws and regulations of the PRC, the Target Group participated in a defined contribution basic pension insurance and unemployment insurance in the social insurance system established and managed by government organisations. The Target Group makes contributions to basic pension insurance plans and unemployment insurance based on the applicable benchmarks and rates stipulated by the government.

Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Target Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company and the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Target and the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

– the same taxable entity; or

– different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

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 freehold lands and properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

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 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 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.

The principal annual rates used for this purpose are as follows:

Buildings	30 years
Leasehold improvements	3–5 years
Machinery and equipment	3–5 years
Furniture, fixtures and equipment	3 years
Motor vehicles	4 years

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.

Investment properties

Investment properties are properties held to earn rentals.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Target Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average cost basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. 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.

Provisions

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

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 trade 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities 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 or financial liabilities 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.

Interest, rental and dividend income which are derived from the Target Group's ordinary course of business are presented as revenue.

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.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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, except that at the date of initial application of IFRS 9/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. 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. 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) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains or losses" line item in profit or loss.

(iii) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets measured 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 or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Target Group performs impairment assessment under ECL model on financial assets (including trade and bills receivables and other receivables) which are subject to impairment under 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, 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. Assessment 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 and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings (should tailor to reporting entity's specific facts and circumstances.

For all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, 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 the 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;
- 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.

(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.

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than two years 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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(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 adjusted by 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.

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. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (prior to 1 January 2019).

For a financial guarantee contract, the Target Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Target Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Target Group if the holder of the loan commitments draws down the loan, and the cash flows that the Target Group expects to receive if the loan is drawn down.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Target Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- 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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for investments in debt instruments that are measured at FVTOCI, financial guarantee contracts, 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 receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

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 are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Target's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
    - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
    - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Target Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
    - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible loan notes, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits 'upon derecognition of the financial liability.

Financial liabilities measured at amortised cost

Financial liabilities including trade payables and others 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.

The Target Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Target Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Target Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Cash and cash equivalents

ash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the Notes to the Historical Financial Information.

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

Related parties

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

(a) A person or a close member of that person's family is related to the Target Group if that person.

  (i) has control or joint control over the Target Group;

  (ii) has significant influence over the Target Group; or

  (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group; or

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same Target Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (i).

(vii) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Target Group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Target Group's accounting policies, which are described in Note 2.3, the directors of the Target are required to make judgments, 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Target have made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition from sales of goods at a point in time

Revenue is recognised over time when the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Target Group's contracts with customers in relation to products with no alternative use create an enforceable right to payment for the Target Group. The Target Group has considered the relevant local laws that apply to those relevant contracts and opinion from external legal counsel. Based on the assessment of the Target Group's management, the terms of the relevant sales contracts do not create an enforceable right to payment for the Target Group after taking into consideration indicators. Accordingly, the sales of products with no alternative use is considered to be performance obligation satisfied at a point in time.

Key sources of estimation uncertainty

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

Provision of expected credit losses for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Target Group uses provision matrix to calculate ECL for the trade receivables which are individually insignificant. The provision rates are based on days past due as groupings of various debtors that have similar loss patterns. The provision matrix 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. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Target Group's trade receivables are disclosed in Note 23.

Estimation uncertainty

Useful lives of items of property, plant and equipment

Management determines the estimated useful lives and related depreciation for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to industry cycles. The depreciation charge will increase when the useful lives are less than the previously estimated useful lives, or management will write off or write down obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2022, 2023 and 2024 and 31 March 2025, the carrying amount of the property, plant and equipment were RMB15,692,000, RMB12,149,000, RMB11,903,000 and RMB11,004,000 respectively.

Provision of inventories

Write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which such estimate has been changed. As at 31 December 2022, 2023 and 2024 and 31 March 2025, the net carrying amounts of inventories (after impairment provision) were RMB57,244,000, RMB59,923,000, RMB51,135,000 and RMB47,143,000 respectively.

4. OPERATING SEGMENT INFORMATION

Information about geographical area

As the Target Group's major operations and non-current assets are located in PRC, no further geographical segment information is provided.

Information about major customers

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

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A*	40,049	18,135	15,353	4,475	3,715
Customer B*	N/A#	20,834	N/A#	3,615	5,556
Customer C*	N/A#	19,838	N/A#	N/A#	N/A#
Customer D*	N/A#	N/A#	14,787	2,447	N/A#

* Revenue from sales of goods and provision of services.

\# The corresponding revenue did not contribute 10% of the total revenue of the Target Group.

5. REVENUE

An analysis of revenue from contracts with customers is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Recognised at point in time:					
Sales of goods	69,551	68,809	39,442	8,977	3,646
Recognised over time:					
Provision of services	106,708	79,732	88,187	20,454	20,943
	176,259	148,541	127,629	29,431	24,589

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Provision of services

The Target Group recognises revenue from service outsourcing contracts over time, reflecting the ongoing transfer of services to the customer. Progress is measured based on actual service delivery and contract milestones.

Payments are received according to a predefined schedule aligned with service progress, ensuring revenue is recognised in line with performance. The contract includes provisions for service quality, personnel management, confidentiality, and liability, ensuring compliance with regulatory and contractual requirements.

6. OTHER INCOME

An analysis of other income is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Realised gains from financial investments measured at fair value through profit or loss	463	785	1,322	–	–
Rental income	99	27	70	17	17
Government grants *(note)*	4,363	3,406	2,417	438	201
Interest income	329	151	90	29	17
Sundry income	13	18	12	6	4
	5,267	4,387	3,911	490	239

Note:

(a) Various government grants have been received for investments in certain regions in Mainland China in which the Target's subsidiaries operate as well as for the Target Group's technology advancements. There are no unfulfilled conditions or contingencies relating to these grants.

7. OTHER GAINS OR LOSSES, NET

An analysis of other gains or losses is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Compensation	11	–	–	–	–
Fair value change of financial assets of FVTPL	–	–	–	–	20
Gain/(loss) on disposal of subsidiaries, net	37	(20)	–	–	–
Loss on disposal of PPE	(527)	(1,075)	(12)	(6)	(224)
Loss on lease termination	–	–	(23)	(31)	–
Others	(55)	70	31	(29)	(17)
	(534)	(1,025)	(4)	(66)	(221)

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation of property, plant and equipment*	4,687	4,226	3,205	1,050	783
Amortisation of investment properties*	393	47	47	11	11
Depreciation of right-of-use assets*	723	1,103	1,332	265	422
Total depreciation and amortisation	5,803	5,376	4,584	1,326	1,216
Net (allowance)/reversal of expected credit losses on					
Trade receivables	906	446	(562)	–	(333)
Deposit and other receivables	(2,678)	(1,207)	(209)	(20)	(22)
Contract assets	(129)	(24)	237	–	(8)
	(1,901)	(785)	(534)	(20)	(363)
(Provision)/reversal of impairment loss in respect of inventories	–	(139)	482	–	(62)
Cost of inventories sold*	(117,254)	(96,658)	(72,524)	(16,165)	(17,588)
Research and development costs	(5,311)	(4,549)	(4,715)	(913)	(752)
Auditor's remuneration**	280	290	250	–	–
Expenses relating to short-term lease	(396)	(736)	(330)	–	(80)
Staff costs (including directors' and chief executive's remuneration – Note 10):					
Salaries, bonuses, allowances and benefits in kind*	12,647	10,486	10,588	2,499	2,546
Pension scheme contributions*	2,771	2,539	2,444	578	553
	15,418	13,025	13,032	3,077	3,099

Notes:

* The provision for obsolete and slow-moving inventories for the years/period is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. FINANCE COSTS

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on lease liabilities	95	101	90	14	14

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year/periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	1,092	1,099	1,103	276	223
Pension scheme contributions	90	95	95	24	19
	1,182	1,194	1,198	300	242

None of the directors received any retirement benefits during the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025.

None of the directors received any termination benefits during the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025.

During the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025, the Target Group did not pay consideration to any third parties for making available directors' services.

During the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

11. INCOME TAX EXPENSES

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current					
Charge for the year	3,849	1,477	1,946	1,058	273
Under/(over) provision in prior years	(281)	117	33	36	(1)
Deferred *(Note 31)*	(267)	(111)	7	74	(13)
Total tax charge for the year/period	3,301	1,483	1,986	1,168	259

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 subsidiaries is 25% for during the years ended 31 December 2022, 2023, 2024 and the Three months ended 31 March 2025.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for taxation in Hong Kong has been made as the Target Group's income neither arises in, nor is derived from, Hong Kong.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Target and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	35,488	32,913	38,012	8,296	1,744
Tax at the statutory tax rate	8,858	8,227	9,501	2,076	436
Tax effect of share of profits and losses of associates	24	(150)	(160)	(7)	–
Tax effect of share of profits and losses of joint ventures	(304)	(668)	(481)	67	38
Utilisation of tax losses previously not recognise	–	(2,063)	98	177	182
Adjustments in respect of current tax of previous periods	(281)	117	33	36	(1)
Tax concession and exemption	–	–	(647)	64	–
Tax effect of income not taxable for tax purpose	(5,820)	(3,486)	(5,656)	(987)	(366)
Tax effect of expenses not deductible for tax purpose	162	311	99	29	15
Tax concession of additional R&D deduction	(615)	(1,080)	(879)	(363)	(45)
Tax effect of temporary differences not recognised	1,277	275	78	76	–
Total tax charge for the year/period	3,301	1,483	1,986	1,168	259

12. DIVIDENDS

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Proposed final dividend (RMB Nil, RMB5.30 and RMB1.20 per 10 shares for the year ended 31 December 2022, 2023 and 2024)	–	50,880	11,520	–	–
Final dividend paid during the year/period (RMB3.20.RMB Nil and RMB5.88 per 10 shares for the year ended 31 December 2022, 2023 and 2024)	28,800	–	56,448	–	–
Interim dividend paid during the year/period (RMB2.5 per 10 shares per 10 shares for 6 Months ended 30 June 2024)	–	–	24,000	–	–

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE TARGET

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Target, and the weighted average number of ordinary shares in issue. No diluted earnings per share for the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025 and 31 March 2024 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2022, 2023, 2024 and the three months ended 31 March 2025 and 31 March 2024.

The calculations of basic and diluted earnings per share are based on:

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the Target used in the basic earnings per share calculation:	29,834	27,438	30,762	6,728	745
Shares					
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	90,000,000	95,128,767	96,000,000	96,000,000	96,000,000

14. RELATED PARTY TRANSACTIONS

(a) During the year, in addition to the balances/transactions detailed elsewhere in these Historical Financial Information, the Target Group had the following material transactions with related parties:

Luzhou Yinyan Financial Outsourcing Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Associates	Sale of goods and services	60	113	1
	Purchase of goods and services	1,920	1,505	1,387

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Associates	Sale of goods and services	10

Suining Shunbang Huayi Technology Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Joint venture	Sale of goods and services	31	880	3,233
	Purchase of goods and services	–	2,956	108

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Joint venture	Sale of goods and services	2
	Purchase of goods and services	468

Ya'an Jinfu Technology Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Joint venture	Sale of goods and services	44	52	41
	Purchase of goods and services	746	664	458

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Joint venture	Sale of goods and services	8
	Purchase of goods and services	8

Jingzhou Yizhao Rongqing Technology Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Joint venture	Sale of goods and services	52	161	–

Chaoyang Zhongtou Jinfu Technology Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Joint venture	Sale of goods and services	41	35	–
	Purchase of goods and services	694	–	–

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Joint venture	Sale of goods and services	12
	Purchase of goods and services	–

Haimen Rongqing Jinying Outsourcing Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Joint venture	Sale of goods and services	1	–	–

Dazhou Nuohang Technology Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Associates	Sale of goods and services	22	23	24
	Purchase of goods and services	33	55	52

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Associates	Sale of goods and services	25
	Purchase of goods and services	3

Weinan Jinhu Rongqing Technology Service Co., Ltd

		For the year ended 31 December		
Relationship	**Nature of transactions**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Associates	Sale of goods and services	22	23	24
	Purchase of goods and services	–	16	92

		For the three months ended 31 March
Relationship	**Nature of transactions**	**2025**
		RMB'000
Associates	Sale of goods and services	25

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *RMB'000*	Leasehold improvement *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture fixture and equipments *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2022	8,992	863	36,224	2,498	1,390	49,967
Additions	–	253	2,782	89	105	3,229
Disposal of subsidiaries *(Note 36)*	–	–	(2,123)	–	(21)	(2,144)
Disposals	–	–	(2,669)	–	(20)	(2,689)
Transfer to investment properties *(Note 16)*	(1,477)	–	–	–	–	(1,477)
At 31 December 2022 and 1 January 2023	7,515	1,116	34,214	2,587	1,454	46,886
Additions	–	–	2,353	–	59	2,412
Disposals	–	(202)	(12,384)	–	(221)	(12,807)
At 31 December 2023 and 1 January 2024	7,515	914	24,183	2,587	1,292	36,491
Additions	–	815	2,107	–	334	3,256
Disposals	–	–	(1,164)	(474)	(8)	(1,646)
At 31 December 2024 and 1 January 2025	7,515	1,729	25,126	2,113	1,618	38,101
Additions	–	216	–	–	–	216
Disposals	–	(636)	(2,275)	–	(87)	(2,998)
At 31 March 2025	7,515	1,309	22,851	2,113	1,531	35,319

	Land and buildings *RMB'000*	Leasehold improvement *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture fixture and equipments *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment:						
At 1 January 2022	1,789	158	25,137	2,331	1,056	30,471
Provided for the year	313	523	3,738	4	109	4,687
Transfer to investment properties	(394)	–	–	–	–	(394)
Disposal of subsidiaries	–	(28)	(1,374)	–	(6)	(1,408)
Eliminated on disposals	–	–	(2,144)	–	(18)	(2,162)
At 31 December 2022 and 1 January 2023	1,708	653	25,357	2,335	1,141	31,194
Provided for the year	266	281	3,527	28	124	4,226
Eliminated on disposals	–	(202)	(10,675)	–	(201)	(11,078)
At 31 December 2023 and 1 January 2024	1,974	732	18,209	2,363	1,064	24,342
Provided for the year	266	253	2,555	27	104	3,205
Eliminated on disposals	–	–	(894)	(455)	–	(1,349)
At 31 December 2024 and 1 January 2025	2,240	985	19,870	1,935	1,168	26,198
Provided for the year	66	83	600	5	29	783
Eliminated on disposals	–	(624)	(1,968)	–	(74)	(2,666)
At 31 March 2025	2,306	444	18,502	1,940	1,123	24,315
Carrying amounts						
At 31 March 2025	5,209	865	4,349	173	408	11,004
At 31 December 2024	5,275	744	5,256	178	450	11,903
At 31 December 2023	5,541	182	5,974	224	228	12,149
At 31 December 2022	5,807	463	8,857	252	313	15,692

16. INVESTMENT PROPERTIES

	RMB'000
COST:	
As at 1 January 2022	–
Transfer from property, plant and equipment	1,477
As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025	1,477
DEPRECIATION:	
As at 1 January 2022	–
Provided for the year	393
As at 31 December 2022 and 1 January 2023	393
Provided for the year	47
As at 31 December 2023 and 1 January 2024	440
Provided for the year	47
As at 31 December 2024 and 1 January 2025	487
Provided for the year	11
As at 31 March 2025	498
CARRYING VALUES	
At 31 March 2025	979
At 31 December 2024	990
At 31 December 2023	1,037
At 31 December 2022	1,084

Note:

Investment properties of the Target Group were stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses. Fair value of these investment properties is as at 31 December 2024, 2023, 2022 RMB1,378,000, RMB1,156,000, RMB1,299,300 and as at 31 March 2025 RMB1,364,000. The fair value has been arrived at based on a valuation carried out by independent valuers not connected with the Target Group.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Investment property	30 years

17. LEASES

The Target Group as a leasee

The Target Group leases various properties. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The weighted average incremental borrowing rates applied to underlying lease liabilities range from 3.60% to 4.60% for both year. Extension options are included in a number of leases across the Target Group. These terms are used to maximise operational flexibility in terms of managing contracts.

(a) Right-of-use assets

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

	Leasehold land *RMB'000*
As at 1 January 2022	–
Additions	3,040
Depreciation	(723)
As at 31 December 2022 and 1 January 2023	2,317
Additions	1,378
Depreciation	(1,103)
As at 31 December 2023 and 1 January 2024	2,592
Additions	1,532
Depreciation	(1,332)
Modification	(637)
As at 31 December 2024 and 1 January 2025	2,155
Additions	531
Depreciation	(422)
As at 31 March 2025	2,264

(b) Lease liabilities

The carrying amount of lease liabilities are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Undiscounted lease liabilities payables:				
Within one year	645	1,060	1,084	936
Within a period of more than one year but not exceeding two years	475	886	430	396
Within a period more than two years but not exceeding five years	608	233	600	450
Within a period of more than five years	400	350	–	250
Total minimum lease payment	2,128	2,529	2,114	2,032
Less: total future interest expenses	(235)	(195)	(85)	(182)
	1,893	2,334	2,029	1,850
Less: Amount due for settlement with 12 months shown under current liabilities	(526)	(939)	(993)	(754)
Amount due for settlement after 12 months shown under non-current liabilities	1,367	1,395	1,036	1,096

The weighted average incremental borrowing rates applied to lease liabilities were 4.6% as at 31 December 2022 and 31 December 2023, ranged from 3.6% to 4.6% as at 31 December 2024 and 31 March 2025.

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

	As at 31 December			For the three months ended 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest on lease liabilities	95	101	90	14
Depreciation of right-of-use assets	723	1,103	1,332	422
Total amount recognised in profit or loss	818	1,204	1,422	436

The Target Group as a lessor

The Target Group leases its investment properties (Note 16) consisting of one commercial property under operating lease arrangements. Rental income recognised by the Target Group was RMB99,000, RMB27,000, RMB70,000 and RMB17,000 for the years ended 31 December 2022, 2023, 2024 and 31 March 2025 respectively.

At the end of the reporting period, the undiscounted lease payments receivables by the Target Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	70	70
In the second to fifth years, inclusive	–	–	70	52
	–	–	140	122

18. INTERESTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	1,700	1,700	1,700	1,700
Share of post-acquisition profits net of dividends received	884	858	999	999
	2,584	2,558	2,699	2,699

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration of business	Paid-up capital or registered capital	Percentage of equity attributable to the Target				Principal activities	Type of legal activity
			As at 31 December			As at 31 March		
		RMB	2022	2023	2024	2025		
Luzhou Yinyan Financial Outsourcing Service Co., Ltd.	PRC	4,000,000.00	30%	30%	30%	30%	Regulated FinTech outsourcing specialist	Limited Liability Company

The following table illustrates summarised financial position of as at 31 December 2022, 2023, 2024 and 31 March 2025 and summarised financial performance information for the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information.

The associate is accounted for using the equity method in these Historical Financial Information.

Luzhou Yinyan Financial Outsourcing Service Co., Ltd.

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	9,487	10,480	10,687	9,728
Non-current assets	603	396	536	479
Current liabilities	(2,103)	(3,065)	(3,090)	(2,210)
Net assets	7,987	7,811	8,133	7,997

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	6,846	6,977	6,844	886	700
Profit/(loss) for the year	1,371	2,065	1,809	(53)	(136)
Total comprehensive income/(loss) for the year	1,371	2,065	1,809	(53)	(136)
Dividends received	–	672	446	–	–
Share of results of Luzhou Yinyan Financial Outsourcing Service Co., Ltd.	411	620	543	(16)	(41)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the Historical Financial Information:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets of Luzhou Limited	7,987	7,811	8,133	7,997
Proportion of the Target Group's ownership	30%	30%	30%	30%
The Target Group's share of net assets of Luzhou Yinyan Financial Outsourcing Service Co., Ltd.	2,396	2,343	2,440	2,399
Carrying amount of the Target Group's interest in Luzhou Yinyan Financial Outsourcing Service Co., Ltd.	2,396	2,343	2,440	2,399

19. INTERESTS IN JOINT VENTURES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in joint ventures	8,007	8,497	8,497	8,497
Share of post-acquisition profits net of dividends received	1,720	4,178	4,901	3,483
	9,727	12,675	13,398	11,980

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration of business	Paid-up capital or registered capital	Percentage of equity attributable to the Target				Principal activities	Type of legal activity
			As at 31 December			As at 31 March		
		RMB	2022	2023	2024	2025		
Haimen Rongqing Juying Outsourcing Service Co., Ltd	PRC	3,700,000.00	45%	45%	45%	45%	Tech-outsourcing & R&D powerhouse	Limited Liability Company
Suining Shunbang Huayi Technology Service Co., Ltd.	PRC	5,000,000.00	45%	45%	45%	45%	FinTech back-office and records-outsourcing partner and end-to-end fintech	Limited Liability Company

The following table illustrates summarised financial position of as at 31 December 2022, 2023, 2024 and 31 March 2025 and summarised financial performance information for the years ended 31 December 2022, 2023, 2024 and for the three months ended 31 March 2025, adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information.

All of these joint ventures are accounted for using the equity method in these Historical Financial Information.

Haimen Rongqing Juying Outsourcing Service Co., Ltd.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	74	74	70	70
Non-current assets	3,975	5,587	4,942	4,942
Net assets	4,049	5,661	5,012	5,012

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year	374	1,612	1,181	38	18
Total comprehensive income for the year	374	1,612	1,181	38	18
Share of results of Haimen Rongqing Juying Outsourcing Service Co., Ltd.	168	725	531	17	8

Suining Shunbang Huayi Technology Service Co., Ltd.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	4,257	4,416	6,108	5,235
Non-current assets	1,246	1,999	1,724	1,596
Current liabilities	(173)	(386)	(622)	(239)
Net assets	5,330	6,029	7,210	6,592

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	1,733	4,919	6,391	24	648
Profit for the year	330	699	1,181	(995)	(616)
Total comprehensive income for the year	330	699	1,181	(995)	(616)
Share of results of Suining Shunbang Huayi Technology Service Co., Ltd.	149	315	531	(448)	(277)

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net assets of Suining Shunbang Huayi Technology Service Co., Ltd.	5,330	6,029	7,210	6,592
Proportion of the Target Group's ownership	45%	45%	45%	45%
The Target Group's share of net assets of Suining Shunbang Huayi Technology Service Co., Ltd.	2,399	2,713	3,245	2,966
Carrying amount of the Target Group's interest in Suining Shunbang Huayi Technology Service Co., Ltd.	2,399	2,713	3,245	2,966

20. EQUITY INVESTMENTS DESIGNATED AT FVTOCI

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	38	36	–	–

The unlisted equity investments represent the Target Group's equity interest in a private entity established in the PRC. The directors of the Target have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Target Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

Details of valuation techniques used to estimate the fair values of the above equity investments are set out in Note 36 to the Historical Financial Information.

21. FINANCIAL ASSETS MEASURED AT FVTPL

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Current portion of wealth management products	–	–	–	10,997

As at 31 March 2025, included in the Target Group's wealth management products were products with floating returns which were measured at FVTPL.

22. INVENTORIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw material and consumables	31,498	35,324	31,326	28,735
Finished goods	23,691	24,596	19,809	18,408
Goods in transit	2,055	3	–	–
	57,244	59,923	51,135	47,143

23. TRADE RECEIVABLES

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	21,137	19,026	26,347	33,627
Less: Allowance for expected credit losses ("**ECL**")	(3,054)	(2,608)	(3,170)	(3,503)
Trade receivables, net	18,083	16,418	23,177	30,124

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

An ageing analysis of the trade receivables, net of ECL, as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	8,902	7,886	10,598	14,182
31 to 60 days	3,406	3,134	4,236	5,672
61 to 90 days	3,406	3,134	4,236	5,672
Over 90 days	2,369	2,264	4,107	4,598
	18,083	16,418	23,177	30,124

The movements in the ECL allowance of trade receivables are as follows:

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	3,960	3,054	2,608	3,170
Impairment losses, net	(906)	(446)	562	333
At 31 December/31 March	3,054	2,608	3,170	3,503

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

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

As at 31 December 2022

		Past due				
	Current (Not yet past due)	**0 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 1 years**	**Total**
Average loss rate	5.00%	5.00%	5.00%	5.00%	76.38%	14.44%
Gross carrying amount *(RMB'000)*	9,350	3,585	3,585	1,792	2,825	21,137
Expected credit losses *(RMB'000)*	448	179	179	90	2,158	3,054

As at 31 December 2023

		Past due				
	Current (Not yet past due)	**0 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 1 years**	**Total**
Average loss rate	5.00%	5.00%	5.00%	5.00%	71.84%	13.70%
Gross carrying amount *(RMB'000)*	8,299	3,299	3,299	1,650	2,479	19,026
Expected credit losses *(RMB'000)*	412	165	165	85	1,781	2,608

As at 31 December 2024

		Past due				
	Current (Not yet past due)	**0 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 1 years**	**Total**
Average loss rate	5.00%	5.00%	5.00%	5.00%	50.83%	12.04%
Gross carrying amount *(RMB'000)*	11,156	4,459	4,459	2,230	4,043	26,347
Expected credit losses *(RMB'000)*	557	223	223	111	2,056	3,170

As at 31 March 2025

		Past due				
	Current (Not yet past due)	**0 to 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 1 years**	**Total**
Average loss rate	5.00%	5.00%	5.00%	5.00%	53.32%	10.42%
Gross carrying amount *(RMB'000)*	14,928	5,971	5,971	2,986	3,771	33,627
Expected credit losses *(RMB'000)*	746	299	299	149	2,010	3,503

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Tax recoverables	3,304	4,074	1,947	1,791
Prepayments	2,279	1,330	756	5,728
Deposits *(note)*	6,526	5,177	5,177	5,103
Other receivables *(note)*	3,433	2,841	2,635	3,915
Miscellaneous receivables	2,808	2,475	2,107	1,983
	18,350	15,897	12,622	18,520
Less: Allowance for ECL	(3,533)	(4,740)	(4,949)	(4,971)
	14,817	11,157	7,673	13,549

Note:

The movements in the ECL of deposits and other receivables are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	877	3,533	4,740	4,949
Impairment losses, net	2,678	1,207	209	22
Deregistration of a subsidiary	(22)	–	–	–
As at 31 December/31 March	3,533	4,740	4,949	4,971

25. CONTRACT ASSETS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranty retention	1,491	1,132	982	1,112

The contract assets primarily relate to the Target Group's right to consideration for work completed and not billed because the rights are conditioned on the Target Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

The Target Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Target Group otherwise would have recognised is one year or less

The movements in the ECL of contract assets are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	348	477	501	264
Impairment losses, net	129	24	(237)	8
As at 31 December/31 March	477	501	264	272

26. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	102,757	133,463	88,453	68,675

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Target Group, and earn interest at the deposit rates of the respective periods. The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE PAYABLES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	3,745	3,031	1,959	2,384

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

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,238	2,242	1,301	2,014
1 to 2 years	88	233	258	1
2 to 3 years	36	161	142	173
Over 3 years	383	395	258	196
	3,745	3,031	1,959	2,384

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 180 days.

28. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	1,293	1,514	862	607
Payables for employee benefits	3,404	3,062	3,394	2,844
Share application money *(Note (ii))*	12,000	–	–	–
Other tax payables	2,461	3,556	1,516	86
	19,158	8,132	5,772	3,537

Notes:

(i) Other payables are non-interest-bearing and repayable on demand.

(ii) Under resolutions passed at the second meeting of the third Board of Directors, the second meeting of the third Supervisory Board, and the fourth extraordinary general meeting of shareholders in 2022, the Target privately placed 6,000,000 ordinary A shares with a par value of RMB2.00 each to 39 directors, senior management and key employees, raising total proceeds of RMB12,000,000. Of these proceeds, RMB6,000,000 was credited to share capital and RMB6,000,000 was credited to capital reserves-share premium. As of 31 December 2022, the Target has received all subscription funds, and the registration with the industrial and commercial authorities remains pending.

The newly issued share under this private placement listed and publicly traded on the National Equities Exchange and Quotations (NEEQ) system commencing 23 February 2023.

29. CONTRACT LIABILITIES

The Target Group's sale of products and rendering services include payment schedules which require stage payments over the services period once certain specified milestones are reached. The Target Group requires certain customers to provide upfront deposits range from 10% to 20% of total contract sum as part of its credit risk management policies.

The Target Group's contract liabilities are analysed as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of goods	6,279	1,830	514	244
Rendering of services	9,188	9,955	5,340	4,060
	15,467	11,785	5,854	4,304

The movements of contract liabilities are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	46,685	15,467	11,785	5,854
Less: Revenue recognised during the year	(46,685)	(14,857)	(11,785)	(3,506)
Consideration received from customers over the amounts of revenue recognized	15,467	11,175	5,854	1,956
As at 31 December/31 March	15,467	11,785	5,854	4,304

30. PROVISIONS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Product warranties	252	223	198	199

31. DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities during the years/period are as follows:

Deferred tax assets

	Provisions	Lease liabilities and payables	Unrealised profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	1,568	–	750	2,318
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	321	9	(63)	267
At 31 December 2022 and 1 January 2023	1,889	9	687	2,585
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	442	588	(320)	710
At 31 December 2023 and 1 January 2024	2,331	597	367	3,295
Deferred tax credited/(charged) to the statement of profit or loss during the year, net	(9)	8	(76)	(77)
At 31 December 2024 and 1 January 2025	2,322	605	291	3,218
Deferred tax credited/(charged) to the statement of profit or loss during the period, net	91	(91)	57	57
At 31 March 2025	2,413	514	348	3,275

Deferred tax liabilities

	Right-of-use assets depreciation *RMB'000*
At 31 December 2022 and 1 January 2023	–
Deferred tax credited to the statement of profit or loss during the year, net	599
At 31 December 2023 and 1 January 2024	599
Deferred tax charged to the statement of profit or loss during the year, net	(70)
At 31 December 2024 and 1 January 2025	529
Deferred tax credited to the statement of profit or loss during the period, net	44
At 31 March 2025	573

Deferred tax assets have not been recognised in respect of certain tax losses as they have arisen in the Target and subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC CIT Law, a 5% or 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Target Group, the applicable rate is 5% or 10%. The Target Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

32. SHARE CAPITAL

The movements of the Target's issued share capital during the years ended 31 December 2022, 2023 and 2024 and 31 March 2025 are as follows:

	Number of shares *'000*	Share capital *RMB'000*
Authorised		
At 1 January 2022 and 31 December 2022	90,000	90,000
Increase on 20 February 2023 *(Note)*	6,000	6,000
At 31 December 2023, 2024 and 31 March 2025	96,000	96,000
Issued and fully paid		
At 1 January 2022 and 31 December 2022	90,000	90,000
Issued of share capital *(Note)*	6,000	6,000
At 31 December 2023, 2024 and 31 March 2025	96,000	96,000

Note: Under resolutions passed at the second meeting of the third Board of Directors, the second meeting of the third Supervisory Board, and the fourth extraordinary general meeting of shareholders in 2022, the Target privately placed 6,000,000 ordinary A shares with a par value of RMB 2.00 each to 39 directors, senior management and key employees, raising total proceeds of RMB 12,000,000. Of these proceeds, RMB 6,000,000 was credited to share capital and RMB 6,000,000 was credited to capital reserves-share premium. As of 31 December 2022, the Target has received all subscription funds, and the registration with the industrial and commercial authorities remains pending.

The newly issued shares under this private placement listed and publicly traded on the National Equities Exchange and Quotations (NEEQ) system commencing 23 February 2023.

33. RESERVES AND NON-CONTROLLING INTERESTS

(a) Reserves

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

(i) According to the relevant rules and regulations in the People's Republic of China ("**PRC**"), subsidiaries of the Target established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the reserve fund until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Reserve fund can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(ii) Fair value reserve comprises the cumulative net change in the fair value of equity investments designated at fair value through other comprehensive income ("**FVTOCI**") under IFRS 9 that are held at the end of the reporting period.

(b) Non-controlling interests

Reconciliation of movements of non-controlling interests are as follows:

	Share of net assets of subsidiaries *RMB'000*
At 1 January 2022	6,751
Share of profit for the year	2,353
Capital injection of non-controlling interest	866
Dividend payable to non-controlling interest	(1,889)
Other changes	(275)
At 31 December 2022 and 1 January 2023	7,806
Share of profit for the year	3,992
Capital injection of non-controlling interest	4,378
Dividend payable to non-controlling interest	(1,950)
Other changes	(617)
At 31 December 2023 and 1 January 2024	13,609
Share of profit for the year	5,264
Capital injection of non-controlling interest	2,121
Dividend payable to non-controlling interest	(6,479)
Other changes	(400)
At 31 December 2024 and 1 January 2025	14,115
Share of profit for the year	740
At 31 December 2025	14,855

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Target Group that have material non-controlling interests:

Name of Subsidiary	**Place of incorporation and principal place of business**	**Proportion of ownership interests and voting Rights held by non-controlling interests**	**Profit allocated to non-controlling interests** *RMB'000*	**Accumulated non-controlling interests** *RMB'000*
31 December 2022				
Chengdu Yinyan Financial Services Co., Ltd and its subsidiaries	the PRC	20%	863	3,029
Shanxi Yizhao Jinfu Technology Co., Ltd and its subsidiaries	the PRC	30%	637	2,302
Individually immaterial subsidiaries with non-controlling interest			853	2,475
			2,353	7,806
31 December 2023				
Chengdu Yinyan Financial Services Co., Ltd and its subsidiaries	the PRC	20%	875	3,904
Shanxi Yizhao Jinfu Technology Co., Ltd and its subsidiaries	the PRC	30%	1,019	3,321
Individually immaterial subsidiaries with non-controlling interest			2,098	6,384
			3,992	13,609
31 December 2024				
Chengdu Yinyan Financial Services Co., Ltd and its subsidiaries	the PRC	10%	1,632	4,534
Shanxi Yizhao Jinfu Technology Co., Ltd and its subsidiaries	the PRC	30%	1,805	3,698
Individually immaterial subsidiaries with non-controlling interest			1,827	5,883
			5,264	14,115

Name of Subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting Rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB'000	*RMB'000*
31 March 2025				
Chengdu Yinyan Financial Services Co., Ltd and its subsidiaries	the PRC	10%	(76)	4,458
Shanxi Yizhao Jinfu Technology Co., Ltd and its subsidiaries	the PRC	10%	420	4,118
Individually immaterial subsidiaries with non-controlling interest			396	6,279
			740	14,855

Historical Financial Information in respect of each of the Target Group's subsidiaries that has material non-controlling interests is set out below. The Historical Financial Information below represents amounts before intragroup eliminations.

Chengdu Yinyan Financial Services Co., Ltd and its subsidiaries

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	18,264	14,303	12,380	13,341
Non-current assets	13,418	12,513	11,051	10,652
Current liabilities	10,652	3,743	5,676	5,584
Non-current liabilities	371	874	102	75
Equity attributable to owners of the Company	17,631	18,821	13,118	13,875
Non-controlling interests	3,029	3,378	4,535	4,459

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	29,604	29,038	29,346	5,934	6,472
Expenses	24,980	26,244	24,713	5,109	5,324
Profit for the year	5,144	3,868	5,874	299	681
Profit attributable to:					
Owners of the Company	4,281	2,991	4,221	591	757
Non-controlling interest	863	875	1,633	(292)	(76)
Profit for the year/period	5,144	3,866	5,854	299	681
Other comprehensive income attributable to:					
Owners of the Company	–	–	(20)	–	–
Non-controlling interest	–	–	–	–	–
	–	–	(20)	–	–

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total comprehensive income attributable to:					
Owners of the Company	4,281	2,991	4,221	591	757
Non-controlling interest	863	875	1,633	(292)	(76)
Total comprehensive income for the year/period	5,144	3,866	5,854	299	681

	For the year ended 31 December			For the three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash inflow/(outflow) from operating activities	6,191	1,040	6,251	(3,300)	(2,703)
Net cash (outflow)/inflow from investing activities	(2,752)	1,764	728	–	(20)
Net cash outflow from financing activities	(963)	(6,116)	(8,550)	(156)	(258)
Net cash inflow/(outflow)	2,476	(3,312)	(1,571)	(3,456)	(2,981)

Shanxi Yizhao Jinyu Technology Co., Ltd and its subsidiaries

	As at 31 December			As at 31 March
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	5,926	5,823	5,873	6,767
Non-current assets	1,059	1,823	1,260	1,127
Current liabilities	1,263	1,235	662	568
Non-current liabilities	–	4	–	–
Equity attributable to owners of the Company	3,420	2,802	2,772	3,208
Non-controlling interests	2,301	3,604	3,698	4,118

	For the year ended 31 December			For the three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,925	4,571	6,047	1,090	1,716
Expenses	2,534	2,667	3,420	909	789
Profit for the year	1,415	1,525	2,463	151	855
Profit attributable to:					
owners of the Company	778	506	658	47	435
non-controlling interest	637	1,019	1,805	80	420
Profit for the year/period	1,415	1,525	2,463	127	855
Total comprehensive income for the year/period	1,415	1,525	2,463	127	855
Net cash inflow/(outflow) from operating activities	1,057	4,565	2,151	(677)	(47)
Net cash outflow from investing activities	(87)	(1,881)	(90)	(10)	–
Net cash inflow/(outflow) from financing activities	110	(800)	(2,400)	–	–
	1,080	1,884	(339)	(687)	(47)

34. DISPOSAL OF SUBSIDIARIES

(a) Yingkou Yizhao Rongqing Technology Service Co., Ltd

On 26 December 2023, the Target Group entered into agreement to dispose the equity interest of Yingkou Yizhao Rong Technology Service Co., Ltd at cash consideration of approximately RMB 25,000.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	17
Cash and bank balances	38
Trade receivables	43
Prepayments, deposits and other receivables	14
Other payables and accruals	65
Net assets disposed of	47

	RMB'000
Consideration received:	
Cash received	25

	RMB'000
Gain on disposal of a subsidiary:	
Consideration received and receivable	25
Net assets disposed of	(47)
Non-controlling interests	2
Loss on disposal	(20)

	RMB'000
Net cash outflow arising on disposal:	
Cash consideration	25
Less: cash and cash equivalents disposed of	(38)
	(13)

(b) Huangang Antai Yinfu Technology Co., Ltd

On 31 August 2022, the Target Group entered into agreement to dispose the equity interest of Huanggang Antai Yinfu Technology Co., Ltd at cash consideration of approximately RMB 1,090,000.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	596
Inventories	17
Cash and bank balances	181
Trade receivables	2,293
Prepayments, deposits and other receivables	318
Deferred tax assets	34
Trade payables	(341)
Other payables and accruals	(1,152)
Net assets disposed of	1,946

	RMB'000
Consideration received:	
Cash received	1,090

	RMB'000
Gain on disposal of a subsidiary:	
Consideration received and receivable	1,090
Net assets disposed of	(1,946)
Non-controlling interests	856
Loss on disposal	–

	RMB'000
Net cash inflow arising on disposal:	
Cash consideration	1,090

During the year ended 31 December 2022, the Target Group deregistered and dissolved numbers of wholly-owned subsidiaries of the Target. These subsidiaries are dormant. The loss on disposal of approximately RMB207,000 was recognised to the consolidated statement of profit or loss during the year.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2025, the Target Group had non-cash additions to right-of-use assets of approximately RMB3,040,000, RMB1,378,000, RMB1,532,000 and RMB 531,000, respectively and additions to lease liabilities of approximately RMB3,040,000, RMB1,378,000, RMB1,532,000 and RMB531,000, respectively, in respect of lease arrangements for buildings and plant and machinery.

(b) Changes in liabilities arising from financing activities

	Dividends Payable	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	–	–	–
Dividends declaration	30,689	–	30,689
Addition	–	3,040	3,040
Interest expense	–	95	95
Lease payments	–	(1,242)	(1,242)
Dividends payable to the shareholders	(28,800)	–	(28,800)
Dividends payable to non-controlling shareholders	(1,512)	–	(1,512)
As at 31 December 2022 and 1 January 2023	377	1,893	2,270
Dividends declaration	1,950	–	1,950
Addition	–	1,378	1,378
Interest expense	–	101	101
Lease payments	–	(1,038)	(1,038)
Dividends payable to non-controlling shareholders	(2,327)	–	(2,327)
As at 31 December 2023 and 1 January 2024	–	2,334	2,334
Dividends declaration	81,359	–	81,359
Addition	–	1,532	1,532
Interest expense	–	90	90
Lease payments	–	(870)	(870)
Dividends payable to the shareholders	(73,570)	–	(73,570)
Dividends payable to non-controlling shareholders	(6,479)	–	(6,479)
Lease modification	–	(1,057)	(1,057)
As at 31 December 2024 and 1 January 2025	1,310	2,029	3,339
Addition	–	531	531
Interest expense	–	14	14
Lease payments	–	(724)	(724)
As at 31 March 2025	1,310	1,850	3,160

36. FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments are as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Equity-investment designated at FVTOCI	38	36	–	–
At FVTPL	–	–	–	10,997
Trade receivables	18,083	16,418	23,177	30,124
Other receivable and deposit	9,959	8,018	7,812	9,018
Cash and cash equivalents	102,757	133,463	88,453	68,675
	130,837	157,935	119,442	118,814
Financial liabilities				
Trade payables	3,745	3,031	1,959	2,384
Other payables	4,668	4,534	3,394	2,844
Dividend payable	377	–	1,310	1,310
Lease liabilities	1,893	2,334	2,029	1,850
	10,683	9,899	8,692	8,388

(i) Fair value measurement and fair value hierarchy

The management estimate the carrying amount financial instruments carried at amortised cost approximately its fair value.

Management has assessed that the fair values of cash and cash equivalents, and certain other financial assets measured at amortised cost, trade receivables, other receivables, trade payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

Some of the Target Group's financial instruments are measured at fair value for financial reporting purposes The Target Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The following tables illustrate the fair value measurement hierarchy of the Target Group's financial instruments:

Assets measured at fair value

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at FVTOCI	–	–	38	38

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments designated at FVTOCI	–	–	36	36

As at 31 March 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL	10,997	–	–	10,997

During the years ended 31 December 2022, 2023 and 2024 and 31 March 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

(ii) Financial risk management objective and policies

The Target Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities. 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), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, and financial assets included in prepayments, deposits and other receivables and other financial assets represent the Target Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Target Group's cash and cash equivalents are held in major financial institutions located in major financial institutions, which management believes are of high credit quality and all classified as low credit risk from the management's assessment, which is mainly based on past due information unless other information is available without undue cost or effort. The Target Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Target Group trades only with recognised and creditworthy third parties. It is the Target Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Group's exposure to bad debts is not significant. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Target Group as the customer bases of the Target Group's trade receivables are widely dispersed in different sectors.

The credit risk of the Target Group's trade receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts and the Target Group applies the simplified approach in calculating ECLs of its trade receivables.

For deposits and other receivables, the ECL are estimated by applying a general approach with reference to the historical loss record of the Target Group and is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The average loss rate applied as at the 31 December 2022, 2023 and 2024 and 31 March 2025 were 29%, 53%, 75% and 66%, respectively. The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

Further quantitative data in respect of the Target Group's exposure to credit risk arising from receivables disclosed in Note 23, 24 and 25 to Historical Financial Information.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Target Group has no interest-bearing assets and liabilities with floating interest rate, the Target Group's income and operating cash flows are substantially independent of changes in market interest rates.

Liquidity risk

Prudent liquidity management, after considering the expected market conditions, implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, and funds generated from operating activities.

The Target Group's primary cash requirements have been for additions to and upgrades on property, plant and equipment, payment for trade and other payables and payment for operating expenses. The Target Group mainly finances its working capital requirements through a combination of internal resources and borrowings, as necessary.

As at 31 December 2022

	Weighted average interest rate	**On demand or within one year**	**More than one but less than five years**	**More than five years**	**Total undiscounted cash flows**
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	3,745	–	–	3,745
Other payables	–	4,668	–	–	4,668
Dividends payable	–	377	–	–	377
Lease liabilities	4.3%	645	1,083	350	1,893
		9,435	1,083	350	10,683

As at 31 December 2023

	Weighted average interest rate	**On demand or within one year**	**More than one but less than five years**	**More than five years**	**Total undiscounted cash flows**
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	3,031	–	–	3,031
Other payables	–	4,534	–	–	4,534
Lease liabilities	4.2%	1,060	1,120	350	2,334
		8,625	1,120	350	8,899

As at 31 December 2024

	Weighted average interest rate	On demand or within one year	More than one but less than five years	More than five years	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	1,959	–	–	1,959
Other payables	–	3,394	–	–	3,394
Dividends payables	–	1,310	–	–	1,310
Lease liabilities	3.6%–4.6%	1,084	1,030	–	2,029
		7,747	1,030	–	8,692

As at 31 March 2025

	Weighted average interest rate	On demand or within one year	More than one but less than five years	More than five years	Total undiscounted cash flows
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	2,384	–	–	2,384
Other payables	–	2,844	–	–	2,844
Dividends payables	–	1,310	–	–	1,310
Lease liabilities	3.6%–4.6%	936	846	250	1,850
		7,474	846	250	8,388

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Target Group did not have any significant contingent liabilities.

38. STATEMENT OF FINANCIAL POSITION OF THE TARGET

Information about the statement of financial position of the Target at the end of the reporting period is as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	5,398	4,717	4,485	4,425
Right-of-use assets	–	195	39	–
Investments in subsidiaries	98,977	98,977	98,977	98,977
Deferred tax assets	1,194	1,195	1,031	1,034
Total non-current assets	105,569	105,084	104,532	104,436
CURRENT ASSETS				
Inventories	8,756	11,688	10,133	10,292
Trade receivables	1,896	1,920	948	994
Prepayments, deposits and other receivables	15,924	24,888	19,743	19,821
Contract assets	543	310	121	85
Cash and cash equivalents	20,924	44,946	17,147	15,901
Total current assets	48,043	83,752	48,092	47,093
CURRENT LIABILITIES				
Trade payables	743	889	355	416
Other payables and accruals	19,436	8946	8,784	8,633
Contract liabilities	1,031	1,494	38	30
Share application money	12,000	–	–	–
Current tax payables	341	–	–	–
Total current liabilities	33,551	11,329	9,177	9,079
NET CURRENT ASSETS	14,492	72,423	38,915	38,014
TOTAL ASSETS LESS CURRENT LIABILITIES	120,061	177,507	143,447	142,450
Net assets	120,061	177,507	143,447	142,450
EQUITY				
Share capital	90,000	96,000	96,000	96,000
Reserves *(Note)*	30,061	81,507	47,447	46,450
Total equity	120,061	177,507	143,447	142,450

Note:

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

	Capital reserve *RMB'000*	**Capital reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Reteained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	90,000	8,186	11,111	34,297	143,594
Profit for the year	–	–	–	5,267	5,267
Total comprehensive income for the year	90,000	8,186	11,111	39,564	148,861
Transfer to statutory reserve	–	–	527	(527)	–
Dividend payment	–	–	–	(28,800)	(28,800)
At 31 December 2022 and 1 January 2023	90,000	8,186	11,638	10,237	120,061
Profit for the year	–	–	–	45,446	45,446
Total comprehensive income for the year	90,000	8,186	11,638	55,683	165,507
Issue of shares	6,000	6,000	–	–	12,000
Transfer to statutory reserve	–	–	4,545	(4,545)	–
At 31 December 2023 and 1 January 2024	96,000	14,186	16,183	51,138	177,507
Profit for the year	–	–	–	40,820	40,820
Total comprehensive income for the year	96,000	14,186	16,183	91,958	218,327
Transfer to statutory reserve	–	–	4,082	(4,082)	–
Dividend payment	–	–	–	(74,880)	(74,880)
At 31 December 2024 and 1 January 2025	96,000	14,186	20,265	12,996	143,447
Loss for the period	–	–	–	(997)	(997)
At 31 March 2025	96,000	14,186	20,265	11,999	142,450

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE TARGET

Details of the subsidiaries directly and indirectly held by the Target at the end of the reporting period are set out below.

Name of Subsidiary	Place of Incorporation and principal place of business	Paid up issued/ register capital	Percentage of effective equity interest and voting power held by the Company (direct)				Percentage of effective equity interest and voting power held by the Company (indirect)				Principal activities
			2025	2024	2023	2022	2025	2024	2023	2022	
Beijing Science and Technology Innovation Rong'an Internet of Things Technology Co., Ltd	the PRC	RMB45,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Chanchun Xinke Internet of Things Technology Co., Ltd	the PRC	RMB2,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Chanchun Xinke Internet of Things Technology Co., Ltd	the PRC	RMB2,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Shijiazhuang Xinchuang Chaolian Technology Co., Ltd	the PRC	RMB2,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Hainan Science and Technology Innovation Rongxin Internet of Things Technology Co., Ltd	the PRC	RMB2,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Chongqing Ke'an Chaolian Internet of Things Technology Co., Ltd	the PRC	RMB1,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Qinghai Science and Technology Innovation Rong'an Internet of Things Technology Co., Ltd	the PRC	RMB2,000,000	100%	100%	–	–	–	–	–	–	Fin-IoT
Harbin Ke'an Zhilian Technology Co., Ltd	the PRC	RMB1,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Anyou Technology (Beijing) Co., Ltd	the PRC	RMB2,000,000	100%	100%	100%	100%	–	–	–	–	Fin-IoT
Beijing Yizhao Rongqing Technology Service Co., Ltd	the PRC	RMB50,000,000	100%	100%	100%	100%	–	–	–	–	Financial services outsourcing
Suining Rongqing Jinfu Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing
Yibin Rongqing Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing

Name of Subsidiary	Place of Incorporation and principal place of business	Paid up issued/ register capital	Percentage of effective equity interest and voting power held by the Company (direct)				Percentage of effective equity interest and voting power held by the Company (indirect)				Principal activities
			2025	2024	2023	2022	2025	2024	2023	2022	
Neijiang Yinyan Technology Co., Ltd	the PRC	RMB6,000,000	46%	46%	41%	41%	54%	54%	59%	59%	Financial services outsourcing
Zigong Yinyan Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing
Mianyang Rongyin Research Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing
Panzhihua Rongxin Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing
Guangyuan Yinyan Technology Co., Ltd	the PRC	RMB500,000	90%	90%	80%	80%	10%	10%	20%	20%	Financial services outsourcing
Yangquan Yizhao Rongqing Financial Outsourcing Service Co., Ltd	the PRC	RMB100,000	85%	70%	70%	70%	15%	30%	30%	30%	Financial services outsourcing
Liupanshui Yizhao Rongqing Financial Service Co., Ltd	the PRC	RMB1,500,000	90%	70%	70%	70%	10%	30%	30%	30%	Financial services outsourcing

The above table lists the subsidiaries of the Target which, in the opinion of the directors of the Target, principally affected the results or assets of the Target Group. To give details of other subsidiaries would, in the opinion of the directors of the Target, result in particulars of excessive length.

40. EVENTS AFTER THE REPORTING PERIOD

Ther Target Group held the 13th meeting of the 3rd Board of Directors on 6 August 2025, and approved the 2025 interim profit distribution plan, distributing a cash dividend of RMB 7.296 million, at RMB 0.76 per 10 shares."

The following is the management discussion and analysis of the Target Company for the three years ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2025. The financial information below is prepared based on the financial information of the Target Company set out in the Accountant's Report in Appendix II to this circular.

BUSINESS REVIEW

The Target Company is a professional service provider for digitalisation of financial assets. With a focus on cash asset digitalisation in the banking sector, the Target Company provides financial institutions with hardware and software related to second-generation currency issuance logistics management systems, RMB cash centralized digital sorting outsourcing services, and RMB serial number circulation management systems. These products and services support financial institutions in management upgrades, data security and IT application innovation and upgrades.

FINANCIAL REVIEW

(a) Financial performance

For the three years ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2024 and 2025, the Target Group's revenue was approximately RMB176.3 million, RMB148.5 million, RMB127.6 million, RMB29.4 million and RMB24.6 million, respectively. The decrease in revenue was mainly due to a reduction in sales of products related to the digitalization of financial assets under the second-generation currency issuance project of the Target Company.

For the three years ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2024 and 2025, the Target Group's profit before tax was approximately RMB35.5 million, RMB32.9 million, RMB38.0 million, RMB8.3 million and RMB1.7 million, respectively. Except for 2024, pre-tax profit in other years decreased as a result of the decline in revenue. In 2024, pre-tax profit increased due to good cost control. The decline in the Target Group's profit before tax for the three months ended 31 March 2025 as compared with that during the same period in 2024 was mainly due to the fact that (i) the projects awarded to the Target Group in 2023 were gradually completed and accepted during 2023 to 2024 as the implementation period for such project is typically one to two years and (ii) the People's Bank of China did not conduct tendering for such project in 2024 and the first quarter of 2025. As such, the revenue of the Target Group decreased from RMB29.4 million for the three months ended 31 March 2024 to RMB24.6 million for the three months ended 31 March 2025. The management of the Target Company expects that the tendering for such project will resume after the third quarter of 2025.

(b) Capital structure, liquidity and financial resources

During the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, there was no material change in the capital structure of the Target Group. The Target Group mainly financed its operations by cash flow from its business operations.

As at 31 December 2022, 2023 and 2024, the Target Group's net assets were approximately RMB185.1 million, RMB230.3 million and RMB186.7 million, respectively. As at 31 December 2022, 2023 and 2024, the Target Group's bank balances and cash were approximately RMB102.8 million, RMB133.5 million and RMB88.5 million, respectively. Changes in net assets, bank balances and cash were mainly due to dividends distributed in 2024 of RMB74.9 million.

As at 31 March 2025, the Target Group's net assets were RMB188.2 million, an increase of RMB1.5 million from RMB186.7 million as at 31 December 2024, mainly attributable to an increase in operating profit.

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group had no borrowings.

(c) Gearing ratio

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group had no borrowings.

(d) Contingent liabilities

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group had no contingent liabilities.

(e) Lease liabilities

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group had lease liabilities of RMB1.9 million, RMB2.3 million, RMB2.0 million and RMB1.9 million, respectively.

(f) Financial risk management

For the three years ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2025, the Target Group was principally exposed to credit, liquidity and interest-rate risks arising in the ordinary course of business.

For the same periods, as the Target Group's operations were primarily based in the PRC, its major assets (including cash and cash equivalents), liabilities and business transactions are mainly denominated in RMB. As such, the Target Group considers that it has no material exposure to foreign exchange fluctuations and has not adopted any hedging measures.

(g) Financing and financial policy

The Target Group adopts a prudent financial management policy. It closely monitors its working capital position to ensure that the composition of its assets, liabilities and other commitments meets funding requirements.

(h) Significant investments

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group did not hold any significant investments.

(i) Asset pledges

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Group had no asset pledges.

(j) Employees and remuneration policy

As at 31 December 2022, 2023 and 2024 and 31 March 2025, the Target Company had 739, 632, 614 and 628 employees, respectively. For the three years ended 31 December 2022, 2023 and 2024 and for the three months ended 31 March 2025, the total remuneration paid to employees of the Target Group was approximately RMB52.8 million, RMB41.3 million, RMB42.9 million and RMB11.8 million, respectively.

Employee remuneration is determined with reference to individual performance, experience and current market conditions.

(k) Future plans and prospects

As at the Latest Practicable Date, the Target Company had no plans to commence new businesses or to carry out any material investments or capital asset acquisitions.

(l) Acquisition or disposal of subsidiary

During the three years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025, the Target Group did not have any significant acquisition or disposal of any subsidiary or associated company.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities (the "**Unaudited Pro Forma Financial Information**") of Zhongmiao Holdings (Qingdao) Co., Ltd. (the "**Company**") and its subsidiaries (collectively hereinafter referred to as the "**Group**") and Beijing Kechuang Rongxin Technology Co., Ltd. (the "**Target Company**") and its subsidiaries (collectively hereinafter referred to as the "**Target Group**") (the Group and the Target Group are collectively referred to as the "**Enlarged Group**"), which has been prepared on the basis of the notes set forth below for the purpose of illustrating the effects of the acquisition of 55% equity interest of the Target Company (the "**Acquisition**"), as if the Acquisition had taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information has been prepared based on the interim condensed consolidated statement of financial position of the Group as at 30 June 2025 set out in the published reviewed interim financial statements of the Company for the six months ended 30 June 2025 and the consolidated statement of financial position of the Target Group as at 31 March 2025 included in the Accountants' Report as set out in Appendix II to this Circular after giving effect to the unaudited pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to other future events or decisions and (ii) factually supportable, as described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effects of the Acquisition on the Group for inclusion in this Circular only. The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 June 2025 or any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the published reviewed interim financial statements of the Group for the six months ended 30 June 2025, the historical financial information of the Target Group as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

1. Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2025	The Target Group as at 31 March 2025	Pro forma adjustments-3	Pro forma adjustments-4	Pro forma adjustments-5	Pro forma Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*
Non-current assets						
Property, plant and equipment	138	11,004	4,129	–	–	15,271
Intangible assets	–	–	20,000	–	–	20,000
Contract costs and other assets	495	–	–	–	–	495
Investment properties	–	979	386	–	–	1,365
Right-of-use assets	894	2,264	–	–	–	3,158
Interest in associates	–	2,699	–	–	–	2,699
Interests in joint ventures	–	11,980	–	–	–	11,980
Deferred tax assets	16	3,275	–	–	–	3,291
Time deposits	94,709	–	–	–	–	94,709
Restricted cash	7,826	–	–	–	–	7,826
Goodwill	–	–	–	–	144,435	144,435
Total non-current assets	**104,078**	**32,201**	**24,515**	**–**	**144,435**	**305,229**
Current assets						
Inventories	–	47,143	5,928	–	–	53,071
Accounts and bills receivables	56,388	38,570	–	–	–	94,958
Contract assets	–	1,112	–	–	–	1,112
Financial assets measured at FVTPL	–	10,997	–	–	–	10,997
Contract costs and other assets	5,931	–	–	–	–	5,931
Cash and cash equivalents	286,923	68,675	–	(110,000)	–	245,598
Time deposits	177,457	5,103	–	–	–	182,560
Restricted cash	16,601	–	–	–	–	16,601
Total current assets	**543,300**	**171,600**	**5,928**	**(110,000)**	**–**	**610,828**
Total assets	**647,378**	**203,801**	**30,443**	**(110,000)**	**144,435**	**916,057**

	The Group as at 30 June 2025	The Target Group as at 31 March 2025	Pro forma adjustments-3	Pro forma adjustments-4	Pro forma adjustments-5	Pro forma Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*
Current liabilities						
Accounts and other payables	33,375	4,301	–	55,000	–	92,676
Contract liabilities	2,536	4,304	–	–	–	6,840
Lease liabilities	21	754	–	–	–	775
Accrued expenses	3,967	2,930	–	–	–	6,897
Current taxation payables	3,069	1,480	–	–	–	4,549
Total current liabilities	**42,968**	**13,769**	**–**	**55,000**	**–**	**111,737**
Non-current liabilities						
Lease liabilities	–	1,096	–	–	–	1,096
Deferred tax liabilities	–	573	1,522	–	–	2,095
Provisions	–	199	–	–	–	199
Accounts and other payables	–	–	–	89,408	–	89,408
Total non-current liabilities	**–**	**1,868**	**1,522**	**89,408**	**–**	**92,798**
Net assets	**604,410**	**188,164**	**28,921**	**(254,408)**	**144,435**	**711,522**

Notes:

(1) The amounts are extracted from the interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2025 as set out in the published reviewed interim financial statements of the Company for the six months ended 30 June 2025.

(2) The amounts are extracted from the accountants' report of the Target Group as set out in Appendix II to this Circular.

(3) The adjustment represents the inclusion of identifiable assets and liabilities of the Target Group to be acquired by the Group assuming the Acquisition was completed on 30 June 2025. Upon completion of the Acquisition (the "**Completion**"), the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Group at fair value under the acquisition method of accounting in accordance with IFRS Accounting Standards 3 (Revised) Business Combinations ("**IFRS 3**").

For the purpose of preparing the Pro Forma Financial Information, the Directors have estimated the fair values of the identifiable assets and liabilities of the Target Group with reference to the preliminary valuation results prepared by an independent valuer.

With reference to the preliminary valuation results, the Directors estimate that fair value adjustments to the Target Group's net assets includes:

	RMB'000
Property, plant and equipment	4,129
Intangible assets	20,000
Investment properties	386
Inventories	5,928

i. Intangible assets primarily encompass intellectual property-related intangible assets such as trademarks and invention patents.

The corresponding deferred income tax liabilities of RMB1,522 thousand are measured at the tax rate that is expected to apply when related taxable temporary difference is settled, which is 5% as applicable to the Target Group in mainland China.

The amounts of goodwill and fair values of the identifiable assets and liabilities of the Target Group are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of the Target Group on the date of completion of the Acquisition. Consequently, the resulting goodwill, the actual allocation of the purchase price at the date of completion will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

(4) The fair value of the total consideration is estimated to be RMB254,408 thousand, which comprises:

i. Aggregated cash consideration of RMB165,000 thousand, among which RMB110,000 thousand to be settled by the Group after the fulfilment of the conditions of the first tranche payment and RMB55,000 thousand after the conditions for the transferee to pay the second transfer price are met;

ii. Deferred cash consideration of RMB98,740 thousand which is recognised as a consideration payable. For the purpose of the Unaudited Pro Forma Financial Information, the consideration amount is discounted at an adjusted industrials corporate curve with RMB89,408 thousand recognised as non-current liabilities.

(5) The goodwill arising from the Acquisition of the Target Group is calculated as follows:

	RMB'000
Deemed cost of investment in the Target Company	254,408
Less: 55% of fair value of identifiable assets and liabilities attributable to equity shareholders of the Target Company	109,973
Goodwill on the Acquisition	144,435

For the purpose of preparing the Pro Forma Financial Information, the Directors made preliminary assessment, with reference to International Accounting Standard 36, Impairment of Assets, as to whether or not, based on the above information, there is any indicator of impairment on goodwill arising from the Acquisition. Based on such assessment, the Directors did not identify any impairment indicator in respect of the goodwill arising from the Acquisition.

The Directors will follow the Group's accounting policy in respect of assets impairment assessment, including the assessment of the impairment of goodwill arising from the Acquisition when preparing the Company's consolidated financial statements covering the period in which the Acquisition is completed. The Company's consolidated financial statements will be subject to the annual audit by the Company's auditors in accordance with Hong Kong Standards of Auditing.

(6) Apart from Notes 3, 4 and 5 above relating to the Acquisition, no other adjustment has been made to reflect any trading results or other transactions of the Group or the Target Group entered into subsequent to 30 June 2025.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ZHONGMIAO HOLDINGS (QINGDAO) CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Zhongmiao Holdings (Qingdao) Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2025 and related notes as set out in Appendix IV to the circular dated 25 September 2025 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of 55% equity interest of the Target Company (the "**Acquisition**") on the Group's assets and liabilities as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the Group's assets and liabilities on as at 30 June 2025 has been extracted by the Directors from the interim condensed consolidated financial statements of the Company for the six months ended 30 June 2025, on which an interim review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma 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:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
25 September 2025

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', Supervisors' and Chief Executive's Interests in Securities

As of the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of directors, supervisors and chief executives in the Company:

Name of Director, Supervisor or Chief Executive	Position	Nature of Interest	Shares and class of shares held [1]	Approximate percentage of shareholding in the relevant class of shares[1] *(%)*	Approximate percentage of total number of Shares in issue[1] *(%)*
Lu Yao	Chairman, executive Director and general manager	Interest in controlled corporation [2]	27,501,600 Domestic Shares [L]	25.97	19.48
Zhang Zhiquan	Executive Director and deputy general manager	Interest in controlled corporation [3]	24,000,000 Domestic Shares [L]	22.66	17.00

Notes:

(1) As at the Latest Practicable Date, the total number of issued shares of the Company was 141,195,600 shares, comprising (i) 105,895,600 Domestic Shares, and (ii) 35,300,000 H Shares.

(2) Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng hold 24,000,000 Domestic Shares, 2,933,300 Domestic Shares and 568,300 Domestic Shares respectively and each of them is a limited partnership with Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司) as its general partner. Qingdao Haichuang Management Consultant Co., Ltd. is wholly owned by Lu Yao. By virtue of the SFO, Lu Yao is deemed to be interested in the shares in which each of Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng is interested.

(3) Shanghai Zhaoqi holds 24,000,000 Domestic Shares. Shanghai Zhaoqi is owned as to (i) 31.40% by Zhang Zhiquan; and (ii) 28.60% by Beijing Quanzhanggui Internet Technology Co., Ltd. (北京全掌櫃互聯網科技有限公司) (a limited liability company owned as to 70.00% by Zhang Zhiquan and as to 30.00% by Li Jia, the spouse of Zhang Zhiquan). By virtue of the SFO, Zhang Zhiquan is deemed to be interested in the shares in which Shanghai Zhaoqi is interested.

(L) Long positions.

Save as disclosed above and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as at the Latest Practicable Date, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' Interests in Securities

As at Latest Practicable Date, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Shares and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1] *(%)*	Approximate percentage of total number of Shares in issue[1] *(%)*
Haier Group	Interest in controlled corporation[2]-[6]	64,000,000 Domestic Shares (L)[2]-[6]	60.44	45.33
Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (青島海創客管理諮詢企業(有限合夥))	Interest in controlled corporation[2]-[6]	64,000,000 Domestic Shares (L)[2]-[6]	60.44	45.33
Qingdao Haichuanghui IoT Co., Ltd. (青島海創匯物聯有限公司)	Interest in controlled corporation[2]-[6]	64,000,000 Domestic Shares (L)[2]-[6]	60.44	45.33
Qingdao Haichuanghui Investment Co., Ltd. (青島海創匯投資有限公司)	Interest in controlled corporation[2]-[6]	64,000,000 Domestic Shares (L)[2]-[6]	60.44	45.33
Haichuanghui Holding Co., Ltd (海創匯控股有限公司)	Interest in controlled corporation[4]&[5]	8,000,000 Domestic Shares (L)[4]&[5]	7.56	5.67
Ningbo Meishan Free Trade Port Area Haichuanghui Investment Management Co., Ltd. (寧波梅山保稅港區海創匯投資管理有限公司)	Interest in controlled corporation[4]&[5]	8,000,000 Domestic Shares(L)[4]&[5]	7.56	5.67

Name of Shareholder	Nature of Interest	Shares and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1] (%)	Approximate percentage of total number of Shares in issue[1] (%)
Qingdao Haichuanghui Venture Capital Co., Ltd. (青島海創匯創業投資有限 公司)	Interest in controlled corporation[4]&[5]	8,000,000 Domestic Shares (L)[4]&[5]	7.56	5.67
Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) (青島海創匯融海創業投資中心(有限合夥))	Beneficial interest[5]	8,000,000 Domestic Shares (L)[6]	7.56	5.67
Qingdao Haiyinghui Management Consulting Co., Ltd. (青島海盈匯管理諮詢有限公司)	Beneficial interest[5]	56,000,000 Domestic Shares (L)[6]	52.88	39.66
Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司)	Beneficial interest[6]	27,501,600 Domestic Shares (L)[7]	25.97	19.48
Shanghai Zhaoqi	Beneficial interest[7]	24,000,000 Domestic Shares (L)[7]	22.66	17.00
Li Jia (李佳)	Interest of spouse[8]	24,000,000 Domestic Shares (L)[8]	22.66	17.00
Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. (青島海智匯贏股權投資管理有限公司)	Interest in controlled corporation[9]	14,394,000 Domestic Shares (L)[9]	13.59	10.19
Qingdao Haichuangying Equity Investment Partnership (Limited Partnership) (青島海創贏股權投資合夥企業(有限合夥))	Beneficial interest[9]	14,394,000 Domestic Shares (L)[9]	13.59	10.19
Matrix Income SPC – Matrix Income SP	Investment manager	8,782,500 H Shares (L)	24.88	6.22

Notes:

(1) As at the Latest Practicable Date, the total number of issued Shares of the Company was 141,195,600 shares, comprising (i) 105,895,600 Domestic Shares, and (ii) 35,300,000 H Shares.

(2) Haier Group and Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) hold 51.20% and 48.80% of the issued shares in Qingdao Haichuanghui IoT Co., Ltd, respectively. Haier Group is also entitled to exercise the 48.80% voting rights in Qingdao Haichuanghui IoT Co., Ltd. held by Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership), through an irrevocable voting rights entrustment arrangement.

(3) Qingdao Haichuanghui IoT Co., Ltd. (i) indirectly wholly owns Qingdao Haiyinghui Management Consulting Co., Ltd. through its wholly-owned subsidiary, Qingdao Haichuanghui Investment Co., Ltd.; (ii) indirectly owns 49.50% of Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) through its wholly- owned subsidiary, Qingdao Haichuanghui Investment Co., Ltd.; and (iii) indirectly wholly owns Haichuanghui Holding Co., Ltd. through its wholly-owned subsidiary Qingdao Haichuanghui Investment Co., Ltd.

(4) Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) is owned as to 1.00% by Qingdao Haichuanghui Venture Capital Co., Ltd. as its general partner. Qingdao Haichuanghui Venture Capital Co., Ltd. is a wholly-owned subsidiary of Ningbo Meishan Free Trade Port Area Haichuanghui Investment Management Co., Ltd., which is indirectly wholly owned by Haichuanghui Holding Co., Ltd.

(5) Qingdao Haichuanghui Ronghai Venture Capital Center (Limited Partnership) directly owns 8,000,000 Domestic Shares.

(6) Qingdao Haiyinghui Management Consulting Co., Ltd. directly holds 56,000,000 Domestic Shares.

(7) Shanghai Zhaoqi, Qingdao Haizhongjie and Qingdao Haixinsheng directly hold 24,000,000, 2,933,300 and 568,300 Domestic Shares, respectively, which are limited partnerships with Qingdao Haichuang Management Consultant Co., Ltd. (青島嗨創管理諮詢有限公司) as their general partner.

(8) Li Jia is the spouse of Zhang Zhiquan. By virtue of the SFO, Li Jia is deemed to be interested in the Shares in which Zhang Zhiquan is interested.

(9) Qingdao Haichuangying Equity Investment Partnership (Limited Partnership) directly holds 14,394,000 Domestic Shares, and Qingdao Haizhi Huiying Equity Investment Management Co., Ltd. is its general partner.

(L) Long positions.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, no person (not being the Directors, Supervisors and chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to section 336 of the SFO, to be recorded in the register maintained by the Company.

3. DIRECTORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with the Company for a term of three years and are eligible for re-election upon expiry of their term of office.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or Supervisors had any interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, either directly or indirectly, in any asset which has since December 31, 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

No Director and/or his/her respective close associates had a material interest, either directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, as far as the Directors are aware, none of the Directors nor their respective close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group which are or may be material:

(a) a cornerstone investment agreement dated 25 July 2024 entered into among our Company, Hong Tai International III LPF (洪泰國際三號有限合夥基金), CITIC Securities (Hong Kong) Limited, Ping An of China Capital (Hong Kong) Company Limited, China PA Securities (Hong Kong) Company Limited, CLSA Limited and Hong Tai Securities Limited (洪泰證券有限公司), agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an amount of HK$36,234,000;

(b) a cornerstone investment agreement dated 25 July 2024 entered into among our Company, The Reynold Lemkins Group (Asia) Limited, CITIC Securities (Hong Kong) Limited, Ping An of China Capital (Hong Kong) Company Limited, China PA Securities (Hong Kong) Company Limited and CLSA Limited, agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 500 H Shares) that may be purchased for an amount of HK$10,000,000;

(c) the Hong Kong Underwriting Agreement;

(d) the International Underwriting Agreement;

(e) the Agreement;

(f) the Share Pledge Agreement; and

(g) the Voting Rights Entrustment Agreement.

9. MISCELLANEOUS

(a) The joint company secretaries of the Company are Ms. Sun Yanlu (孫艷露) and Ms. Chan Sau Ling (陳秀玲). Ms. Chan Sau Ling is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom;

(b) The authorised representatives of the Company are Mr. Lu Yao (鹿遙) and Ms. Chan Sau Ling (陳秀玲);

(c) The registered office of the Company in the PRC is at No. 187 Jinshui Road, Licang District, Qingdao, Shandong, PRC, and the headquarters of the Company in the PRC is at No. 1, Haier Road, Laoshan District, Qingdao, Shandong, PRC;

(d) The principal place of business of the Company in Hong Kong is at Room 1917, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong;

(e) The H share registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; and

(f) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

10. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants Registered Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG	Certified Public Accountants Registered Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Qingdao Deming Assets Evaluation Co., Ltd	Independent professional valuer

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and/or valuation (as appropriate) and the references to its name included herein in the form and context in which they are included.

Each of the experts has confirmed that, as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be on display on the website of the Company (www.haierbx.net) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(a) Agreement;

(b) the Share Pledge Agreement;

(c) the Voting Rights Entrustment Agreement;

(d) the written consents referred to in the paragraph headed "10. Expert and Consent" in this appendix;

(e) the Valuation Report;

(f) the accountant's report of the Target Company from HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this circular;

(g) the report on the unaudited pro forma financial information of the Enlarged Group from KPMG, the text of which is set out in Appendix IV to this circular; and

(h) the letter on profit forecast issued by HLB Hodgson Impey Cheng Limited and the Board, the texts of which are set out in Appendix VI and Appendix VII to this circular, respectively.

As the Agreements contain certain sensitive personal information, being the identity number, phone number, address and/or email address of the Vendors and/or employees of the Target Company (the "**Personal Information**"), the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.66(10) and paragraph 43(2)(c) of Appendix D1B to the Listing Rules by redacting the Personal Information in the Agreements to be displayed on the websites of the Stock Exchange and the Company based on the following grounds:

(i) as the Personal Information is considered to be personal data which is currently not available in the public domain, and the Vendors and the employees of the Target Company refused to give consents for disclosure of the Personal Information on the websites of the Company and the Stock Exchange, such public disclosure may constitute a possible breach of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong); and

(ii) given the identities of the parties and other major terms of the Agreements have been disclosed in this circular, and the full terms of the transactions contemplated under the Agreements will be available to the public by displaying the Agreements on the websites of the Company and the Stock Exchange during the period of not less than 14 days from the date of this circular, the Company is of the view that the Personal Information (a) is not material to the assessment of the transaction; and (b) the omission of which will not mislead investors with regard to the facts and circumstances, knowledge of which is essential for the informed assessment of transaction.

The following is the text of a report received from the Company's reporting accountant, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for inclusion in this circular.

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF 55 % ISSUED SHARE CAPITAL OF BEIJING KECHUANG RONGXIN TECHNOLOGY CO., LTD

To the Directors of Zhongmiao Holdings (Qingdao) Co., Ltd

We have examined the calculations of the discounted future cash flows on which the business valuation prepared by the Board of Directors of (the "**Directors**") Zhongmiao Holdings (Qingdao) Co., Ltd (the "**Company**") and reviewed by Qingdao Deming Assets Evaluation Co., Ltd (青島德銘資產評估有限公司) date 21 August 2025 (the "**Valuation**") in respect of the appraisal of the fair value of the issued share capital of Beijing Kechuang Rongxin Technology Co., Ltd (the "**Target Company**") as of 31 March 2025, is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The Directors are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions (the "**Assumptions**") determined by the directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on whether the calculations of the discounted future cash flows have been properly compiled, in all material respects, in accordance with the assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rules 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the Assumptions. We performed procedures on the arithmetical calculations and the compilations of the discounted cash flows in accordance with the Assumptions. Our work does not constitute any valuation of Target Company.

Because the Valuation related to discounted future cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future event and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the Assumptions as set out in the Valuation.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong
22 August 2025

22 August 2025

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Major Transaction in relation to the Acquisition of 55% equity interest in Beijing Kechuang Rongxin Technology Co., Ltd (the "Target Company")

We refer to the announcement of Zhongmiao Holdings (Qingdao) Co., Ltd. (the "**Target Company**") dated 22 August 2025 concerning the captioned transaction (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report prepared by the Valuer in relation to the valuation of the market value of the Target Company as at 31 March 2025. The valuation of the Target Company based on discounted cash flow analysis under the income approach is regarded as a profit forecast (the "**Profit Forecast**") under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, we have (i) considered the report from HLB Hodgson Impey Cheng Limited regarding the calculations of the Profit Forecast upon which the valuation of the Target Group is based; (ii) reviewed the Profit Forecast upon which the valuation of the Target Group has been made; (iii) discussed with the relevant senior management of the Company regarding the bases and assumptions upon which the Profit Forecast regarding the Target Group in the valuation has been prepared, the relevant work conducted by the senior management, and the historical performance of the Target Group; and (iv) reviewed the reports to the Directors from the senior management regarding the calculations of the future cash flows used in the valuation.

Based on the foregoing, we confirm that the Profit Forecast was made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
Zhongmiao Holdings (Qingdao) Co., Ltd.
Lu Yao
Chairman and executive Director

The following is the text of a report, set out on pages VIII-1 to VIII-37, received from the Valuer, Qingdao Deming Assets Evaluation Co., Ltd, for the purpose of incorporation in this circular.

This report has been prepared in accordance with the PRC Asset Valuation Standards.

Asset Valuation Report on the Value of
Entire Shareholders' Equity of Beijing Kechuang Rongxin Technology Co., Ltd.
Involved in the Proposed Equity Acquisition by
Zhongmiao Holdings (Qingdao) Co., Ltd.
[2025] Deming Ping Zi No. 087

Qingdao Deming Assets Evaluation Co., Ltd.
21 August 2025

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Statement

I. This asset valuation report has been prepared in accordance with the Asset Valuation Standards – Basic Standards (資產評估基本準則) issued by the Ministry of Finance and the practice guidelines and code of ethics for asset valuation issued by the China Appraisal Society.

II. The client or other users of the asset valuation report shall apply this report in accordance with laws, administrative rules and regulations and the scope as set out in the asset valuation report. The asset appraisal institution and the asset appraisers disclaim any liability arising from the use of this asset valuation report by the client or other users of the report in violation of the aforesaid requirements.

This asset valuation report is intended solely for use by the client, other users of the asset valuation report specified in the asset valuation engagement contract, and users of asset valuation report stipulated in laws, administrative rules and regulations. Save for the above, any other entity or individual shall not use the asset valuation report.

The asset appraisal institution and the asset appraisers advise that users of the asset valuation report should establish a proper understanding of the valuation conclusion. The valuation conclusion is not equal to, and should not be regarded as a guarantee for the realizable value of the valuation subject.

III. The asset appraisal institution and the asset appraisers have complied with the laws, administrative rules and regulations and asset valuation standards on the principles of independence, objectivity and impartiality, and are responsible, under the laws, for the asset valuation report issued by them.

IV. The list of assets and liabilities of the valuation subject have been reported by the client and the evaluated entity and confirmed with their signatures and chops or otherwise as permitted by laws; the client and other parties concerned shall be responsible for the truthfulness, legality and completeness of the information provided under the laws.

V. The asset appraisal institution and the asset appraisers have no existing or prospective relationship of interests with the valuation subject in the asset valuation report, and have no existing or prospective relationship of interests with the parties concerned or any bias towards them.

VI. The asset appraisers have carried out on-site inspection on the valuation subject and the assets involved in the asset valuation report; they have given due consideration to the status of legal title of the valuation subject and the assets involved, verified the information on the legal title of the valuation subject and the assets involved, made proper disclosure of issues identified, and requested the client and other parties concerned to complete the title documentation to meet the requirements for the issuance of an asset valuation report.

VII. The analyses, judgements and results in the asset valuation report issued by the asset appraisal institution are subject to the assumptions and limitations set out in the asset valuation report. Users of the asset valuation report shall take into full account the assumptions, limitations and explanations on special matters stated in the asset valuation report and their impact on the conclusion of valuation.

Summary of Asset Valuation Report on the Value of
Entire Shareholders' Equity of Beijing Kechuang Rongxin Technology Co., Ltd.
Involved in the Proposed Equity Acquisition by
Zhongmiao Holdings (Qingdao) Co., Ltd.
[2025] Deming Ping Zi No. 087

Important: The following is extracted from the asset valuation report. Please refer to the full text of the asset valuation report for a comprehensive understanding of this valuation.

Qingdao Deming Assets Evaluation Co., Ltd. was commissioned by Zhongmiao Holdings (Qingdao) Co., Ltd. to appraise the value of entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd. involved in the proposed equity acquisition.

I. **Purpose of Valuation:** Equity acquisition.

II. **Valuation Subject and Scope:** The valuation subject is the value of entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd.; the scope covers all assets and liabilities of Beijing Kechuang Rongxin Technology Co., Ltd. as at the valuation benchmark date.

III. **Value Type:** Market value.

IV. **Valuation Benchmark Date:** 31 March 2025.

V. **Valuation Techniques:** Income approach and market approach.

VI. **Valuation Conclusion and Validity Period**

Valuation Conclusion: Based on the valuation results derived from income approach, the assessed value of the entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd. as at the valuation benchmark date is RMB **FOUR HUNDRED AND EIGHTY-FOUR MILLION FOUR HUNDRED AND TWO THOUSAND TWO HUNDRED (RMB484,402.2 thousand)**.

This valuation conclusion is valid for one year from the valuation benchmark date, effective from 31 March 2025 to 30 March 2026. Any use after the expiration date is invalid.

VII. **Special Matters Affecting the Valuation Conclusion:** For further details, please refer to "XI. Explanation of Special Matters" in the asset valuation report.

The Entire Equity Interest Value attributable to Shareholders of Beijing Kechuang Rongxin Technology Co., Ltd. (北京科創融鑫科技股份有限公司) in Relation to The Proposed Equity Acquisition by Zhongmiao Holdings (Qingdao) Co., Ltd
Full Text of Asset Valuation Report
[2025] Deming Ping Zi No. 087

Zhongmiao Holdings (Qingdao) Co., Ltd.:

Qingdao Deming Assets Evaluation Co., Ltd. (青島德銘資產評估有限公司) has undertaken an engagement from the Company to appraise the market value of the entire equity interest in Beijing Kechuang Rongxin Technology Co., Ltd. (北京科創融鑫科技股份有限公司) as at 31 March 2025 in relation to the Company's proposed equity acquisition. This valuation was conducted in accordance with laws, administrative regulations and asset appraisal standards, adhering to the principles of independence, objectivity and impartiality by adopting the income approach and market approach, and following the requisite appraisal procedures. The asset valuation findings are hereby reported as follows:

I. CLIENT, APPRAISED ENTITY, AND OTHER USERS OF THE VALUATION REPORT

(i) Client

Enterprise Name:	Zhongmiao Holdings (Qingdao) Co., Ltd.;
Unified Social Credit Code:	91370213MA3DBLUY0Y;
Enterprise Type:	Other Joint Stock Company (Non-listed);
Legal Representative:	Lu Yao;
Registered Capital:	RMB141,195,600;
Registered Address:	No. 187, Jinshui Road, Licang District, Qingdao City;
Business Term:	16 March 2017 to indefinite term;

Business Scope:	general projects: corporate headquarters management; technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; software development; computer system services; artificial intelligence application software development; artificial intelligence basic software development; data processing and storage support services; brand management; information technology consulting services; enterprise management consulting; financial consulting; digital content production services (excluding publishing and distribution); advertising design, agency services; advertising placement; advertising production; organization of cultural and artistic exchange activities; conference and exhibition services; motor vehicle repair and maintenance. (except for items subject to approval by law, business activities may be conducted independently in accordance with the business license)

(ii) Appraised Entity

1. Overview

Enterprise Name:	Beijing Kechuang Rongxin Technology Co., Ltd. (北京科創融鑫科技股份有限公司) (hereinafter referred to as "**Kechuang Rongxin**");
Unified Social Credit Code:	91110108759618367N;
Enterprise Type:	Joint Stock Company (Non-listed, Invested or Controlled by Natural Persons);
Legal Representative:	Li Yanbai (李焰白);
Registered Capital:	RMB96,000,000;
Registered Address:	Room 106, 1/F, Building 1, Fengzhuyuan Area 2, No. 18 Jiaomen, Fengtai District, Beijing, the PRC (北京市豐台區角門18號楓竹苑二區1 號樓1層106);
Business Term:	4 March 2004 to indefinite term;

Business Scope:	technology development, technical services, technical consulting, technology transfer; basic software services, application software services; sale of machinery and equipment, electronic products, computers, software, and auxiliary equipment, cultural supplies; commissioned processing of machinery and equipment, electronic products (limited to production and business activities outside the registered location); engraving of personal name seals; machinery and equipment leasing (excluding automobile leasing); leasing of commercial premises; technology import/export, goods import/export, import/export agency; enterprise management; economic and trade consulting; computer system services; sale of non-household refrigeration and air-conditioning equipment; maintenance and repair of machinery and equipment, electronic products, computers, software and auxiliary equipment, and non-household refrigeration and air-conditioning equipment; design, production, agency, and publication of advertisements. (market entities independently select business projects and conduct business activities in accordance with the law; items subject to approval shall be conducted in accordance with the approved content after obtaining approval from relevant departments; business activities prohibited or restricted by national and municipal industrial policies shall not be engaged in.

2. Corporate History

Beijing Kechuang Rongxin Technology Co., Ltd. (北京科創融鑫科技股份有限公司) was established in March 2004 with joint investment from Li Yanbai (李焰白) and Xin Liping (辛麗萍), initially registered with a capital of RMB2 million. Kechuang Rongxin underwent a comprehensive restructuring into a joint-stock company, completing registration with the Haidian Branch of Beijing Municipal Administration for Industry and Commerce on 21 March 2016, with effect from 31 December 2015.

Kechuang Rongxin commenced trading on the National Equities Exchange and Quotations (NEEQ) on 12 August 2016, under the stock abbreviation of Kechuang Rongxin and stock code of 839037.

Following successive capital increases over the years, as of 31 March 2025, Kechuang Rongxin's total share capital stands at 96,000,000 shares, with registered capital of RMB96,000,000.

As of the valuation reference date, the company's major shareholders are as follows:

No.	Shareholder Name	Shareholding Percentage (%)	Number of Shares Held (Shares)
1	Li Yanbai (李焰白)	65.4444	62,826,600.00
2	Chai Hong (柴紅)	12.1625	11,676,000.00
3	Tian Lan (田嵐)	5.0311	4,829,900.00
4	Shengli(盛利)	3.8239	3,670,897.00
5	Cen Xiaoqiang(岑曉强)	2.6264	2,521,310.00
6	Chen Hanlin (陳漢林)	2.1615	2,075,000.00
7	Zhang Chao (張超)	1.7047	1,636,500.00
8	Quan Fengxian (全奉先)	1.5146	1,454,000.00
9	Sheng Yun (生雲)	0.9792	940,006.00
10	Gao Zhulong (郜祝龍)	0.9736	934,699.00
	Total	96.4219	92,564,912.00

3. Business Operations, Financial Position, and Operating Results for the Past Three Years and the Current Period

(1) Business Operations

Beijing Kechuang Rongxin Technology Co., Ltd. primarily engages in: outsourcing of digital process management for financial assets; R&D, sales, and services of digital financial asset-related products; R&D, sales, and services of financial equipment; and undertaking financial services outsourcing on a commissioned basis.

(2) Financial Position for the Past Three Years and the Current Period

Amount Currency: RMB ten thousand

Items	31 December 2022	31 December 2023	31 December 2024	31 March 2025
Total assets	22,835.29	25,639.47	20,574.47	20,376.03
Total liabilities	3,128.07	2,608.51	1,906.64	1,559.75
Owners' interests	19,707.21	23,030.95	18,667.84	18,816.28
Gearing ratio	13.70%	10.17%	9.27%	7.65%

(3) Operating Results for the Past Three Years and the Current Period

Amount Currency: RMB ten thousand

Items	2022	2023	2024	January–March 2025
Operating revenue	17,520.90	14,781.68	12,725.83	2,458.91
Operating costs	11,575.52	9,496.62	7,161.00	1,751.99
Operating Profit	3,608.87	3,389.40	3,792.83	199.59
Total profit	3,543.28	3,290.92	3,800.54	174.33

The above data from 2022 to the valuation reference date has been audited.

4. Significant Accounting and Tax Policies

The Company recognizes, measures, and prepares financial statements in accordance with the Enterprise Accounting Standards, adopts Renminbi as its functional currency, and adopts the calendar year as its accounting period, commencing from January 1 to December 31 annually.

Major tax items are as follows:

Major Tax Categories	Tax Rate (%)
Value-added tax	13%, 6%, 3%, 1% of sales revenue.
Urban maintenance and construction tax	Calculated at 7% or 5% of the actual turnover tax paid.
Education surcharge	Calculated at 3% of the actual turnover tax paid.
Local education surcharge	Calculated at 2% of the actual turnover tax paid.
Corporate income tax	Calculated at 20% or 25% of taxable income.

(iii) Other Users of Asset Valuation Report

Other users of asset valuation report are those specified by national laws and regulations.

(iv) Relationship between the Client and the Appraised Entity

The appraised entity has no equity relationship with the client, who intends to acquire equity in the appraised entity.

II. PURPOSE OF VALUATION

To fulfil the client's requirements for a proposed equity acquisition, we hereby provide a professional opinion on the total equity value attributable to the shareholders of Beijing Kechuang Rongxin Technology Co., Ltd.

III. VALUATION SUBJECT AND SCOPE

(i) The valuation subject is the total equity value attributable to the shareholders of Beijing Kechuang Rongxin Technology Co., Ltd.

(ii) The valuation scope covers all assets and liabilities of Beijing Kechuang Rongxin Technology Co., Ltd. as of the valuation reference date. Specific details are as follows:

Amount Currency: RMB

Items		Audited Carrying Value (Consolidated Basis)
I.	Total current assets	170,861,906.69
	Cash and cash equivalents	79,207,765.69
	Accounts receivable	30,124,034.34
	Prepayments	5,727,682.92
	Other receivables	5,757,349.28
	Inventories	47,142,584.88
	Other current assets	1,790,832.21
	Contract assets	1,111,657.37
II.	Total non-current assets	32,898,347.67
	Long-term equity investments	15,375,882.41
	Investment property	978,595.70
	Fixed assets	10,140,511.23
	Long term deferred expenses	863,791.12
	Deferred income tax assets	3,275,323.93
	Right-of-use assets	2,264,243.28

Items		Audited Carrying Value (Consolidated Basis)
III.	Total assets	203,760,254.36
IV.	Total current liabilities	13,730,531.61
	Accounts payable	2,384,245.77
	Employee compensation payable	2,843,601.59
	Taxes payable	1,211,107.42
	Other payables	1,914,764.24
	Non-current liabilities due within one year	754,488.03
	Other current liabilities	318,179.39
	Contract liabilities	4,304,145.17
V.	Total non-Current liabilities	1,866,922.82
	Contingent liabilities	197,695.06
	Deferred income tax liabilities	573,066.47
	Lease liabilities	1,096,161.29
VI.	Total liabilities	15,597,454.43
VII.	Equity attributable to owners of the parent company	173,311,206.81
VIII.	Minority interests	14,851,593.12
IX.	Net assets (Owners' interests)	188,162,799.93

All assets and liabilities included in this valuation scope are consistent with the valuation subject and scope involved in the economic activities. The financial statements as of the valuation reference date have been audited.

(iii) Introduction to Controlled Subsidiaries Within the Valuation Scope

There are 38 controlled subsidiaries within the valuation scope, including 2 first-tier subsidiaries, 28 second-tier subsidiaries, and 8 third-tier subsidiaries. Details are as follows:

Level	Company Name	Investment Date	Shareholding Percentage %	Primary Business
1	Beijing Yizhao Rongqing Technology Service Co., Ltd (北京億兆融清科技服務有限公司)	2012-11-27	100.00	Financial asset digitisation process management outsourcing services
1-1	Xi'an Qinrong Xinda Information Technology Co., Ltd (西安秦融鑫達信息科技有限公司)	2017-4-28	100.00	
1-2	Tongren Yizhao Rongqing Technology Service Co., Ltd (銅仁億兆融清科技服務有限公司)	2017-8-14	90.00	
1-3	Lishui Yizhao Rongqing Financial Services Outsourcing Co., Ltd (麗水億兆融清金融服務外包有限公司)	2013-11-22	90.00	
1-4	Chengdu Yinyan Financial Service Co., Ltd (成都銀研金融服務有限公司)	2013-3-20	80.00	
1-4-1	Zigong Yinyan Technology Co., Ltd (自貢銀研科技有限公司)	2019-11-1	100.00	
1-4-2	Panzhihua Rongxin Technology Co., Ltd (攀枝花融鑫科技有限公司)	2019-10-31	100.00	
1-4-3	Mianyang Rongyin Research Technology Co., Ltd (綿陽融銀研科技有限公司)	2019-10-31	100.00	
1-4-4	Yibin Rongqing Technology Co., Ltd (宜賓融清科技有限公司)	2019-11-4	100.00	
1-4-5	Guangyuan Yinyan Technology Co., Ltd (廣元銀研科技有限公司)	2019-10-30	100.00	
1-4-6	Neijiang Yinyan Technology Co., Ltd (內江銀研科技有限公司)	2019-11-4	51.00	
1-5	Taizhou Yizhao Rongqing Financial Services Outsourcing Co., Ltd (台州億兆融清金融服務外包有限公司)	2016-1-14	70.00	
1-6	Linfen Yizhao Rongqing Financial Outsourcing Service Co., Ltd (臨汾億兆融清金融外包服務有限公司)	2015-11-19	70.00	
1-7	Liupanshui Yizhao Rongqing Financial Service Co., Ltd (六盤水億兆融清金融服務有限公司)	2015-6-17	70.00	
1-8	Shanxi Zhongrong Huida Financial Services Technology Co., Ltd (山西中融匯達金服科技有限公司)	2017-1-17	70.00	

Level	Company Name	Investment Date	Shareholding Percentage %	Primary Business
1-9	Liaoyang Zhongtou Financial Services Technology Co., Ltd (遼陽中投金服科技有限公司)	2016-12-29	70.00	
1-10	Anshun Yizhao Rongqing Technology Service Co., Ltd (安順億兆融清科技服務有限公司)	2018-8-21	70.00	
1-11	Kaili Yizhao Rongqing Electronic Technology Service Co., Ltd (凱裏億兆鎔清電子科技服務有限公司)	2018-8-28	70.00	
1-12	Xinzhou Yizhao Rongqing Financial Services Technology Co., Ltd (忻州億兆融清金服科技有限公司)	2017-8-30	70.00	
1-13	Shuozhou Yizhao Rongqing Financial Services Technology Co., Ltd (朔州市億兆融清金服科技有限公司)	2016-11-11	70.00	
1-14	Jiaxing Yizhao Rongqing Technology Co., Ltd (嘉興億兆融清科技有限公司)	2017-4-10	70.00	
1-15	Jinhua Yizhao Rongqing Financial Services Outsourcing Co., Ltd (金華億兆融清金融服務外包有限公司)	2015-11-24	70.00	
1-16	Yangquan Yizhao Rongqing Financial Outsourcing Service Co., Ltd (陽泉億兆融清金融外包服務有限公司)	2014-6-11	70.00	
1-17	Shiyan Zhongtou Financial Services Technology Co., Ltd (十堰中投金服科技有限公司)	2019-1-9	51.00	
1-18	Shanxi Yizhao Financial Services Technology Co., Ltd (山西億兆金服科技有限公司)	2022-3-31	70.00	
1-18-1	Shanxi Rongwei Yizhao Financial Services Outsourcing Co., Ltd (山西融威億兆金融服務外包有限公司)	2019-12-20	60.00	
1-18-2	Shanxi Yizhao Xintong Financial Services Technology Co., Ltd (Jincheng) (山西億兆信通金服科技有限公司(晉城))	2022-3-31	60.00	

Level	Company Name	Investment Date	Shareholding Percentage %	Primary Business
2	Beijing Science and Technology Innovation Rong'an Internet of Things Technology Co., Ltd (北京科創融安物聯網科技有限公司)	2012-8-28	100.00	Research, development, sales and services of products related to financial asset digitisation
2-1	Changchun Xinke Internet of Things Technology Co., Ltd (長春鑫科物聯網科技有限公司)	2020-10-16	100.00	
2-2	Hongchen Technology (Beijing) Co., Ltd (虹辰科技（北京）有限公司)	2023-2-24	100.00	
2-3	Aifan Technology (Beijing) Co., Ltd (艾帆科技（北京）有限公司)	2023-2-24	100.00	
2-4	Anyou Technology (Beijing) Co., Ltd (安酉科技（北京）有限公司)	2022-6-7	100.00	
2-5	Fuzhou Xinchuang Chaolian Technology Co., Ltd (福州鑫創鈔聯科技有限公司)	2020-10-20	100.00	
2-6	Hainan Science and Technology Innovation Rongxin Internet of Things Technology Co., Ltd (海南科創融鑫物聯網科技有限公司)	2020-9-25	100.00	
2-7	Shijiazhuang Xinchuang Chaolian Technology Co., Ltd (石家莊鑫創鈔聯科技有限公司)	2020-9-15	100.00	
2-8	Yinxu Technology (Beijing) Co., Ltd (寅旭科技（北京）有限公司)	2023-2-27	100.00	
2-9	Chongqing Ke'an Chaolian Internet of Things Technology Co., Ltd (重慶科安鈔聯物聯網科技有限公司)	2020-9-21	100.00	
2-10	Harbin Ke'an Zhilian Technology Co., Ltd (哈爾濱科安智聯科技有限公司)	2021-7-20	100.00	

(iv) Overview of Main Assets within Assessment Scope (Consolidated Basis)

1. Inventories

Consolidated inventories had a book balance of RMB48,200,647.20, with inventory impairment provision of RMB1,058,062.32 and book value of RMB47,142,584.88, including raw materials and finished goods, detailed as follows:

(1) Raw materials had a book balance of RMB29,037,763.23, with inventory impairment provision of RMB302,333.20 and book value of RMB28,735,430.03, mainly comprising materials required for projects such as banknote bags, electronic sealing lock boxes, and bulk scanning portal readers.

(2) Finished goods had a book balance of RMB19,162,883.97, with inventory impairment provision of RMB755,729.12 and book value of RMB18,407,154.85, mainly comprising products such as handheld scanning terminals, portal controllers, and communication component business hosts.

2. Long-term Equity Investments

Long-term equity investments on a consolidated basis had a book value of RMB15,375,882.41, comprising 11 entities, detailed in the table below:

No.	Investee Company Name	Investment Date	Shareholding Percentage %	Book Amount *(RMB)*	Primary Business
1	Ya'an Financial Services Technology Co., Ltd (雅安市金服科技有限公司)	2019-09-25	39.20	961,223.54	Financial asset digitisation process management outsourcing services
2	Suining Shunbang Huayi Technology Service Co., Ltd (遂寧順邦華億科技服務有限公司)	2022-5-23	36.00	2,967,152.08	
3	Luzhou Yinyan Financial Outsourcing Service Co., Ltd (瀘州市銀研金融外包服務有限公司)	2016-12-16	24.00	2,399,115.49	
4	Dazhou Nuoxing Technology Service Co., Ltd (達州諾行科技服務有限公司)	2021-7-14	20.00	299,148.23	
5	Chaoyang Zhongtou Financial Services Technology Co., Ltd (朝陽中投金服科技有限公司)	2017-9-19	49.00	1,089,084.91	
6	Jingzhou Yizhao Rongqing Technology Service Co., Ltd (荊州億兆融清科技服務有限公司)	2016-2-24	47.50	690,428.29	
7	Haimen Rongqing Juying Outsourcing Service Co., Ltd (海門融清聚英外包服務有限公司)	2020-5-11	45.00	2,255,199.71	
8	Weinan Jinhu Rongqing Technology Service Co., Ltd (渭南金護融清科技服務有限公司)	2020-5-26	44.00	1,335,287.96	
9	Huanggang Antai Yinfu Technology Co., Ltd (黃岡市安泰銀服科技有限公司)	2015-12-7	34.00	1,359,879.20	
10	Shiyan Anhao Financial Services Technology Co., Ltd (十堰安豪金服科技有限公司)	2020-5-13	44.10	1,321,976.77	
11	China UnionPay Merchant Services Company Limited Jiangsu Branch (Jiangsu Province Nantong City Intensive Social Clearing Project) (銀聯商務股份有限公司江蘇分公司(江蘇省南通市集約型社會化清分項目))	2015-3	35.00	697,386.23	
	Total			15,375,882.41	

3. Investment Properties

Investment properties on a consolidated basis had original book value of RMB1,477,745.00 and net book value of RMB978,595.70, detailed as follows:

							Book Value *(RMB)*	
No.	**Certificate Number**	**Property Name**	**Source**	**Structure**	**Completion Date**	**Building Area**	**Original Value**	**Net Value**
1	Chengdu Housing Certificate Regulatory Certificate No. 4645308 (成房權證監證字第4645308號)	Rental office	External purchase	Reinforced concrete	2011/12/31	163.62	1,477,745.00	978,595.70
	Total						1,477,745.00	978,595.70

The property has a building area of 163.62 square metres, located at Level 10, Building 1, Zhonghai Haike Tower, 166 Huichuan Street, Western Hi-tech Zone, Chengdu. The tower was completed around December 2011.

The property has obtained a house ownership certificate, with the title holder being Chengdu Yinyan Financial Service Co., Ltd, with sole ownership status, registered in December 2015, certificate number: Chengdu Housing Certificate Regulatory Certificate No. 4645308, certified building area 163.62 square metres, reinforced concrete structure, planned use for office purposes; as at the assessment base date, it was leased out to Sichuan Juliancheng Machinery Co., Ltd.

4. Fixed Assets – Equipment

Equipment-type fixed assets had original book value of RMB26,495,128.38 and net book value of RMB4,930,237.07, totalling 860 units, including clearing machines, office computers, printers, vehicles, and office furniture, purchased from 2016 to 2025, distributed across various subsidiaries and clearing sites. The equipment is in normal use with average condition.

5. Fixed Assets – Buildings

Buildings on a consolidated basis had original book value of RMB7,515,592.60 and net book value of RMB5,210,274.16, with a building area of 442.13 square metres, detailed as follows:

							Book Value *(RMB)*	
No.	**Certificate Number**	**Property Name**	**Structure**	**Completion Date**	**Unit**	**Building Area** *(m^2)*	**Original Value**	**Net Value**
1	Beijing Housing Certificate Feng No. 384085 (京房權證豐字第384085號)	Fengzhu Garden Phase II Building 1 Level 1 Unit 106	Mixed	2006/11	M2	278.51	6,913,566.00	3,629,622.41
2	Chengdu Housing Certificate Regulatory Certificate No. 4645309 (成房權證監證字第4645309號)	Zhonghai Haike Tower Level 10 Unit 1009	Reinforced concrete	2011/12	M2	163.62	1,477,745.00	966,896.60
3	Audit adjustment						-875,718.40	613,755.15
	Total					442.13	7,515,592.60	5,210,274.16
	Less: Buildings impairment provision							0.00
	Total							5,210,274.16

6. Right-of-use assets

The original carrying amount of right-of-use assets is RMB5,054,269.03, with a net carrying amount of RMB2,264,243.28. These primarily consist of leased office premises and clearing sites for the Mianyang Clearing Center, Yibin Clearing Center, Zigong Clearing Center, and Panzhihua Clearing Center, as well as various local office locations. Details are as follows:

No.	Name	Region	Contract Lessor	Lease Period *(Months)*	Payment Cycles
1	Mianyang Clearing Center	Mianyang	People's Bank of China Mianyang City Branch	36	Annual Payment
2	Yibin Clearing Center	Yibin	People's Bank of China Yibin City Branch	29	Semi-annual Payment
3	Zigong Clearing Center	Zigong	People's Bank of China Zigong City Branch	36	Annual Payment
4	Panzhihua Clearing Center	Panzhihua	Postal Savings Bank of China Panzhihua City Branch	60	Quarterly Payment

(v) Status of Other Rights

No mortgages or other restrictions were identified on the aforementioned assets.

(vi) Overview of Assets Citing Valuation Conclusion of Other institutions

This asset valuation did not citing valuation conclusions from other institutions.

IV. VALUE TYPE OF VALUATION AND DEFINITION

The value type of this valuation conclusion is market value.

Based on the purpose of this valuation, market conditions, and the characteristics of the appraised subject, the value type of the valuation conclusion is determined to be market value.

Market value refers to the estimated amount at which the appraised subject would be worth in anormal arm's length transaction on the valuation reference date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation reference date for this project is 31 March 2025. The valuation criteria adopted in this valuation are those in force at the valuation reference date.

31 March 2025 was selected as the valuation reference date based on the client's request, as financial data was relatively complete and readily available, facilitating the collection and organization of valuation materials to support the implementation of economic activities.

VI. BASIS OF VALUATION

(i) Behavioral Basis

Asset Valuation Commission Contract.

(ii) Legal and Regulatory Basis

1. The Asset Valuation Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Company Law of the People's Republic of China (Order of the President of the PRC No. 15 of 2018; second amendment adopted at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. Securities Law of the People's Republic of China (second amendment adopted at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019);

4. Civil Code of the People's Republic of China (adopted at the Third Session of the 13th National People's Congress on 28 May 2020);

5. Enterprise Income Tax Law of the People's Republic of China (adopted at the Fifth Session of the 10th National People's Congress on 16 March 2007);

6. Accounting Standards for Business Enterprises – Basic Standards (Ministry of Finance Order No. 33) and Decision of the Ministry of Finance on Amending Accounting Standards for Business Enterprises – Basic Standards (Ministry of Finance Order No. 76);

7. Other relevant laws, regulations, and rules and regulations.

(iii) Basis of Standards

1. Basic Guidelines for Asset Appraisal (Cai Zi [2017] No. 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie [2017] No. 30);

3. Guidelines for the Practice of Asset Appraisal – Asset Appraisal Procedures (Zhong Ping Xie [2018] No. 36);

4. Guidelines for the Practice of Asset Appraisal – Asset Valuation Reports (Zhong Ping Xie [2018] No. 35);

5. Guidelines for the Practice of Asset Appraisal – Asset Appraisal Methods (Zhong Ping Xie [2019] No. 35);

6. Guidelines for the Practice of Asset Appraisal – Asset Appraisal Engagement Contracts (Zhong Ping [2017] No. 33);

7. Guidelines for the Practice of Asset Appraisal – Asset Appraisal Files (Zhong Ping [2018] No. 37);

8. Guidelines for the Practice of Asset Appraisal – Business Value (Zhong Ping Xie [2018] No. 38);

9. Asset Appraisal Practice Guidelines – Real Estate (Zhong Ping Xie [2017] No. 38);

10. Practice Guidelines for Asset Appraisal – Machinery and Equipment (Zhong Ping Xie [2017] No. 39);

11. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie [2017] No. 46);

12. Guidelines on Types of Asset Appraised values (Zhong Ping Xie [2017] No. 47);

13. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie [2017] No. 48);

14. Guidelines on Investment Property Valuation (Zhong Ping Xie [2017] No. 53).

(iv) Proof of Ownership

1. Contracts, accounting vouchers, ledgers, and other relevant documents related to the acquisition of the evaluated assets;

2. Real estate registration certificates;

3. Main equipment purchase contracts and invoices;

4. Vehicle License;

5. Other proof of ownership documents.

(v) Basis of Pricing

1. Audited financial statements of Beijing Kechuang Rongxin Technology Co., Ltd. from 2022 to 31 March 2025 (parent company consolidated and standalone);

2. "Handbook of Commonly Used Data and Parameters for Asset Appraisal," China Economic Science Press;

3. Statistical and technical standard data published by relevant national authorities;

4. Market price information as of the valuation reference date;

5. Loan prime rate announced by the National Interbank Funding Center;

6. Relevant information on comparable listed companies;

7. Tonghuashun Financial Terminal;

8. National macroeconomic and industry statistical analysis reports;

9. Profit forecasts and related materials provided by the valuation subject;

10. Data from www.gldjc.com, cn.58.com, ke.com, China Index Research Institute database (中指數據庫), etc.;

11. Leasing contracts and rent ledgers provided by the enterprise;

12. Market rental and sale prices for similar properties;

13. "Construction Project Investment Estimation Manual";

14. Detailed valuation schedules of various assets and liabilities subject to appraisal;

15. Historical annual financial data and operational information from the appraised entity;

16. "Explanation of Matters Related to Asset Valuation" prepared by the client and appraised entity;

17. Other valuation-related materials provided by client and the appraised entity;

18. Various supporting materials relevant to the valuation collected by valuation personnel.

VII. VALUATION METHODS

(i) Selection of Valuation Methods

According to the " Guidelines for the Practice of Asset Appraisal – Business Value," when conducting an business value appraisal, valuers should analyze the applicability of the three basic asset valuation methods based on valuation purpose, the valuation subject, type of value, and data availability, then select appropriate methods.

Common methods for business value appraisal include the Asset-Based Approach, Income Approach, and Market Approach.

1. Asset-based approach in business value appraisal refers to the approach in which, based on the balance sheet of the evaluated entity on the valuation reference date, the value of identifiable assets and liabilities on and off the balance sheet shall be evaluated so as to determine the value of the valuation subject. The valuation results derived from the asset-based approach reflect the sum of all identifiable assets constituting the enterprise. It fails to reflect the value generated by the enterprises' management, technical teams, sales channels, and potential orders to the enterprises. Consequently, this valuation method struggles to comprehensively reflect the enterprise's value, particularly for asset-light companies. Therefore, the asset-based approach is deemed unsuitable for this valuation exercise.

2. The market approach in business value appraisal refers to the approach in which the appraisal target shall be compared with comparable listed companies or transactions so as to determine the value of the appraisal target. Two commonly used specific methods under the market approach are listed companies comparison and transaction cases comparison. The primary business activities of the assessed entity encompass financial services outsourcing, alongside the research and development, sales, and services of products related to the digitalisation of financial assets. In the property rights trading market, in view of the fact that the impact on the value of equity arising from the differences between the valuation target and transaction cases cannot be fully considered under the transaction cases comparison method due to the limitation of data and information collection, transaction cases comparison is not applicable; and on the other hand, there are certain number of listed companies similar to the appraised entity in the securities market, which are active in trading, with published trading and financial information and sufficient information, the listed company comparison method is adopted in the market approach appraisal.

3. The income approach in business value appraisal refers to the valuation methodology that determines the value of the valuation subject by capitalising or discounting expected future income. The evaluated entity was established in 2004 and operates as a provider of full-lifecycle circulation management services for RMB. It has maintained consistent profitability over the past three years, with stable key suppliers, clients and product offerings. Its future earnings period and revenue levels are predictable and monetarily quantifiable; furthermore, the risks associated with achieving these projected returns can be quantified. Consequently, the income approach is appropriate for this valuation.

Given the valuation purpose and the evaluated entity's conditions, both the income approach and market approach are adopted.

(ii) Detailed Description of Valuation Methods

1. Income Approach

(1) Specific Method Selection

Income approach in the valuation of enterprise value refers to the concept of determining value of the valuation target through capitalization or discount of expected earnings of appraised enterprise. Two specific methods commonly used in the income approach are the income capitalisation method and the discounted future earnings method. Based on the premise of the application of the two specific methods, the income capitalisation method is to capitalise a representative and relatively stable amount of the enterprise's expected future earnings, and the discounted future earnings method has been adopted for the purpose of this valuation.

The discounted future earnings method is a method of calculating the appraised value of the target enterprise by estimating the expected future earnings of the target enterprise, discounting them to present value using an appropriate discount rate, and then adding them up.

Basic Formula:

$$P = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Where:

P: Discounted value of free cash flow from equity at valuation reference date;

F_i: Expected free cash flow from equity in year i after the valuation reference date;

F_n: Expected free cash flow from equity for the forecast period end year;

r: Discount rate (cost of equity capital);

n: Forecast period;

i: Year i of forecast period;

g: Perpetual growth rate. (This valuation assumes that inflation is not considered and the growth rate g is taken to be zero).

(2) Each of the key parameters is determined as follows:

① Determination of free cash flow from equity:

Value of total shareholders' equity = discounted value of corporate equity cash flows + value of surplus assets + value of non-operating assets (liabilities)

Free cash flow from equity = net profit after tax + depreciation and amortisation − capital expenditure − changes in net working capital + increase (decrease) in interest-bearing debt

Capital expenditure represents expenditure on the renewal of fixed assets and other long-term assets.

Changes in net working capital are determined on the basis of their relationship to main operating revenues.

Surplus assets and non-operating assets (liabilities) are items excluded from working capital deductions.

② Discount Rate *r*, In accordance with the matching principle of income amount and discount rate, we took the free cash flow of equity as the income amount, and the discount rate is derived using the Capital Asset Pricing Model (CAPM) to calculate the expected rate of return:

CAPM formula:

$ke = rf + \beta_e \times RP_m + r_c$

Where:

rf: Risk-free return rate;

RP_m: Market risk premium;

rc: Enterprise-specific risk adjustment coefficient;

β_e: Expected market risk coefficient of the equity capital of the valuation object;

$\beta_e = \beta_u \times [1 + (1- t) \times (D / E)]$

β_u: Unlevered market risk coefficient for comparable firms;

$\beta u = \beta t / [1 + (1 - t) \times (Di / Ei)]$;

βt: Expected average market risk factor of comparable firms;

Di, Ei: Interest-bearing debts and equity capital of comparable companies respectively.

③ Non-operating Assets and Liabilities (including Surplus Assets)

Non-operating assets and liabilities represent the assets and liabilities not related to the production and operation of the appraised entity and not involved in the FCFE forecast after the valuation reference date.

Surplus assets represent assets in excess of those required by the production and operation of the enterprise on the valuation reference date and not involved in the FCFE forecast after the valuation reference date.

(3) Determination of Forecast period and revenue period

Based on the consolidated analysis on the cost structure of corporate income, capital structure, capital expenditure, investment gains and risk level, together with the macro policies, industrial cycles and other factors which prevent the enterprise from going towards the stabilisation period, the forecast period is confirmed to be 5 years, and the revenue period is infinite. The detailed forecast period is from 1 April 2025 to 31 December 2030.

2. Market Approach

The market approach is a method to analyse and determine the appraised value of the equity interests of the appraised entity, through analysing the respective features of the comparable company and the appraised entity, based on the recent transaction price of the comparable company which is identical or similar to the appraised entity. The theoretical basis for the market approach is that enterprises operating in the same industry and having the same sizes and profitability shall have the same (or similar) market values. Two methods commonly used in the market approach are the Listed company comparison method and the transaction case comparison method.

The listed company comparison method refers to the method whereby an appropriate value ratio or economic indicator calculated by analyzing the operating and financial data of the companies listed in the capital market and operated in the same or similar industry as the company under valuation is compared with that of the company under valuation in a comparative analysis so as to determine the value of the company under valuation.

The listed company comparison method requires the determination of the ratio multiplier of the appraised entity by analyzing the ratio multiplier between the market value of the equity (owner's equity) and/or the total investment capital of the comparable company and profitability type parameters, asset type parameters or rate of cash flow, and then to estimate the value of its equity and/or the total investment capital based on the profitability, asset type parameters of the appraised enterprise. Therefore, an important step in using the market approach for valuation is to analyze the determination and calculation of the ratio multiplier.

Value ratios generally include profit ratio, asset ratio, income ratio and other special ratio.

In the principle of comprehensiveness, importance and availability, and combined with characteristics of the industry, and after conducting statistical analyses and comparison, We select price-to-book ratio (P/B), price-to-earnings ratio (P/E), and price-to-sales ratio (P/S) as the value indications. By calculating the market value of comparable companies and comparable parameters, relevant value ratios can be derived, and taking into account the liquidity differences between comparable companies and the appraised entity, this appraisal incorporates the impact of a liquidity discount according to the disparity between listed and unlisted companies to determine the value of the appraised entity's total shareholder equity as of the valuation reference date. The calculation formula is as follows:

Value of total equity interests of shareholders of the appraised entity = {[Net operating profit of the appraised entity × AVERAGE(value ratio × adjustment factor) × (1 – Discount for lack of liquidity) + Non-operating assets and liabilities of the appraised entity – Minority interest] + [Equity of the appraised entity × AVERAGE(value ratio × adjustment factor) × (1 – Discount for lack of liquidity) + Non-operating assets and liabilities of the appraised entity – Minority interest] + [Operating revenue of the appraised entity × AVERAGE(value ratio × adjustment factor) × (1– Discount for lack of liquidity) + Non-operating assets and liabilities of the appraised entity – Minority interest]} / 3

VIII. PROCESS AND STATUS FOR THE IMPLEMENTATION OF VALUATION PROCEDURES

The evaluation process commenced on May 22, 2025, and concluded on August 21, 2025. The specifications are as follows:

(i) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the appraised entity and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation reference date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(ii) On-site inspection and information collection

The asset evaluation project team was on-site from June 19 to June 23, 2025, to guide the appraised entity in conducting stocktaking of assets and filing the asset checking form and conducted on-site inspection of the appraised subject, its assets, liabilities and historical annual income by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the appraised entity and the historical operation status of the enterprise. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(iii) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(iv) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(1) General Assumptions and Limitations

1. Transaction assumption: Assuming the valuation subject is in the process of transaction, the appraisers simulate market conditions based on the transaction terms of the valuation subject to conduct the appraisal.

2. Open market assumption: An open market refers to a market with fully developed and well-established market conditions. For open market assumption, it is assumed that both parties to the asset transaction are on equal footing in respect of the assets traded in the market, or those intended for trading in the market. Both parties shall have opportunity and time to obtain sufficient market information to make adequate judgments regarding the functionality, purpose and transaction price of the assets.

3. Assumption of Ongoing Use of Assets: The utilization of asset-in-use of the evaluated entity will continue on site as per its current purpose and manner following a change in ownership.

4. Going Concern Assumption: The production and operations of the evaluated entity shall continue as a going concern based on their current status, and no significant changes are expected in the foreseeable future. The impact of the economic activities relevant to the purpose of this valuation on the operational performance of the entity is not considered.

5. External Environment Assumption: There are no significant changes to the current national laws, regulations, and policies; there are no significant changes in the political, economic, and social environment of the regions where the parties to this transaction are located; there are no significant changes to the interest rates, exchange rates, tax bases and rates, or policy-based collection fees.

6. It is assumed that the management of the evaluated entity will commit to fulfilling its obligations in business operations and will implement effective management over the relevant assets in a competent manner. The evaluated entity will not engage in any activities against national laws or regulations in the course of its operations.

7. The impact of potential mortgages and guarantees in the future, and additional costs associated with special transaction methods on the valuation conclusion is not considered.

(2) Special Assumptions and Limitations

1. The accounting policies to be adopted by the evaluated entity in the future are assumed to be substantially consistent in all material respects with the accounting policies adopted in preparing this report.

2. It is assumed that the financial structure and capital size of the evaluated entity will not be subject to any significant change during its future operating period.

3. Revenue calculation is based on the accounting year, assuming that income and expenses occur evenly.

4. The evaluated entity will continue operations and adopt the existing business model in the future to maintain stable relationships with upstream and downstream partners.

The valuation conclusions in this asset valuation report are valid as at the valuation reference date under the aforementioned assumptions. Should any significant change occur in above assumptions, the signing asset appraiser and this appraisal institution shall not be held liable for any different valuation conclusions resulting from such change.

X. VALUATION CONCLUSION

(1) Valuation Results from the Income Approach

Based on the valuation results derived from income approach, the value of the entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd. as at the valuation benchmark date is RMB **FOUR HUNDRED AND EIGHTY-FOUR MILLION FOUR HUNDRED AND TWO THOUSAND TWO HUNDRED (RMB484,402,200)**.

(2) Valuation Results from the Market Approach

Based on the valuation results derived from market approach, the value of the entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd. as at the valuation reference date is RMB **SIX HUNDRED AND SEVENTY MILLION TWO HUNDRED AND TWELVE THOUSAND FIVE HUNDRED (RMB670,212,500)**.

(3) Valuation Conclusion

1. Analysis of Differences in Valuation Results

The differences between the valuation results derived from the income approach and market approach in this assessment are set forth in the table below:

Unit: RMB ten thousand

Valuation methods	Book value of net assets	Appraised value	Amount of change	Percentage of change
Income approach	17,331.12	48,440.22	31,109.10	179.50%
Market approach	17,331.12	67,021.25	49,690.13	286.71%
Difference	0.00	18,581.03	18,581.03	

The difference between the appraised values of RMB484,402.2 thousand and RMB670,212.5 thousand derived from the income approach and market approach, respectively, amounts to RMB185,810.3 thousand, which is primarily attributable to the following factors:

(1) For the purpose of income approach, the expected return on assets serves as the standard for determining values to reflect the operating capability of such assets, which is generally affected by multiple factors, such as macroeconomic conditions, government regulations, corporate management practices, and the effective utilization of assets.

(2) For the purpose of market approach, it is assumed that the valuation subject is situated in a complete and real market environment. By obtaining and analyzing the operational and financial data of comparable listed companies, the asset is evaluated through a comprehensive analysis of various comparative factors. The risks and uncertainties associated with market approach are inestimable due to its susceptibility to stock market fluctuations.

2. Selection of Valuation Results

In the market approach, a company's value is evaluated based on its operational performance and overall market conditions. While in the income approach, a company's value is estimated by focusing on its inherent profitability. These two methods are complementary to each other.

As the evaluated entity is expected to generate profits in the foreseeable future, the value of the enterprise can be reflected through the income approach. Besides, in the income approach, the assets reported on and off the books by the evaluated entity, along with various factors that significantly impact profitability, such as the accumulated customer resources and scientific management capabilities of the enterprise are taken into account during the process of valuation, resulting in a comprehensive valuation conclusion encompassing the value of entire shareholders' equity of the evaluated entity. When applying market approach for valuation, in spite of all necessary adjustments by the appraisers to the comparable companies for the evaluated entity, uncertainties or factors that are beyond control, such as the failure to identify the exclusive intangible assets or contingent liabilities of the comparable company shall remain, causing significant discrepancies between the valuation results and actual enterprise value. Based on the valuation purpose, the valuation results derived from the income approach shall be adopted as the valuation conclusion in this valuation report.

3. Final Valuation Conclusion

Valuation Conclusion: Based on the valuation results derived from income approach, the value of the entire Shareholders' equity of Beijing Kechuang Rongxin Technology Co., Ltd. as at the valuation benchmark date is RMB **FOUR HUNDRED AND EIGHTY-FOUR MILLION FOUR HUNDRED AND TWO THOUSAND TWO HUNDRED (RMB484,402,200)**.

The above valuation conclusion shall remain valid for one year from the valuation benchmark date.

XI. EXPLANATION OF SPECIAL MATTERS

(1) The legal responsibility of asset appraisers and appraisal institution lies in making professional judgments regarding the value of assets under the valuation purpose stated in this report. No judgment regarding the economic activities corresponding to the said valuation purpose is required. The asset valuation is highly dependent on the information provided by the evaluated entity. Therefore, the asset valuation is based on the authenticity and legality of the ownership documents, certificates, accounting vouchers, and relevant legal documents provided by the evaluated entity.

(2) The future profit projections for Beijing Kechuang Rongxin Technology Co., Ltd. included in this asset valuation are based on the profit forecasts established by the management of the evaluated entity. The management of the evaluated entity is responsible for the authenticity, scientific basis, and completeness of the data and information underlying the enterprise's future profit projections, as well as for the reasonableness and feasibility of such projections. The client has confirmed the enterprise's future profit projections. This valuation report is based on the projected data provided by the evaluated entity. Should the future profit projections fail to materialize, the reasonableness of the valuation conclusions may be affected.

The client and the parties concerned are required to offer the necessary information and to ensure the authenticity, legality, and completeness of such information. The asset appraisers shall analyze and evaluate the value of the valuation subject for a specific purpose as at the valuation benchmark date and to express professional opinions.

(3) The valuation assumptions employed in this income approach represent reasonable projections of the valuation subject's future operations under current conditions. Should any unforeseeable and unavoidable factors arise in the future that could affect the fulfillment of these assumptions, the extent to which the projected profits are realized may be affected. The client and other parties concerned should note that there is no assurance that the aforementioned assumptions will realize, and we do not assume any obligation to achieve or assist in achieving such assumptions. The parties concerned should also note that various unpredictable and unavoidable factors that could affect the realization of the assumptions may exist. Thus, the parties concerned are advised to establish definite prerequisites for the assumptions before adopting our valuation conclusions, and make decisions upon a comprehensive consideration of other factors.

(4) The appraisers have given due consideration to the legal title status of the valuation subject without any warranty of any kind regarding the legal title of the valuation subject.

(5) For the purpose of the valuation subject, where there are any defects that may affect the asset valuation results, and neither the client nor the evaluated entity has provided specific disclosure, the appraisal institution and appraisers shall not bear corresponding liability under the circumstances that such defects may not be generally ascertained by the appraisers based on their professional experience.

(6) The valuation conclusion may differ from the book value of the assets subject to valuation. The impact of any resulting changes in the tax obligations of the evaluated enterprise on the valuation conclusion is not considered in the valuation report.

(7) The premiums or discounts arising from controlling or minority interests, and discounts attributable to liquidity are not considered in the valuation conclusion derived from income approach.

(8) The valuation conclusion may only be utilized upon obtaining approval from the listed company and its regulatory authorities regarding the economic activities underlying the valuation purpose. Unauthorized utilization is prohibited.

(9) The impact on the appraised value from any previous or potential future mortgage guarantees and the potential additional price paid by special counterparties, and the potential impact on asset prices from contingent liabilities related to assets within the scope of the valuation are not considered in the valuation conclusion.

(10) Matters that may affect the valuation conclusion from the valuation benchmark date to the date of valuation report are as follows:

1. Events occurring after the valuation benchmark date refer to significant events that take place between the valuation benchmark date and the date the valuation report is submitted;

2. Following the valuation benchmark date, when subsequent events affecting asset value occur, such as the demolition, damage, or loss of the appraised assets due to force majeure, or the occurrence of bad debts in accounts receivable and payable, the valuation conclusion may not be directly adopted;

3. Where significant events occur after the valuation benchmark date, this valuation conclusion may not be directly adopted. Should the quantity of assets varies during the validity period of this valuation result, the appraised value shall be adjusted accordingly using the original valuation method.

Users of the valuation report should note the impact of the above special matters on the valuation conclusion.

XII. EXPLANATION OF LIMITED USE OF THE VALUATION REPORT

(1) Scope of Application for This Asset Valuation Report:

1. This asset valuation report shall only be utilized by the client specified in the report or other authorized users of the asset valuation report.

2. This asset valuation report shall only be used for valuation purposes and uses specified in the report.

3. The contents of this asset valuation report, in whole or in part, shall not be excerpted, quoted, or disclosed in any public media, except as permitted by laws and regulations or as otherwise agreed upon between the client and this asset appraisal institution or the parties concerned.

4. The valuation conclusion in this asset valuation report is effective from the valuation date to 30 March 2026. The valuation conclusion disclosed in this asset valuation report is effective only for the economic activities stated in the asset valuation report. Generally, the asset valuation report may only be for use when the valuation benchmark date is no more than one year apart from the date when economic activities materialize.

(2) Where the client or other users of the asset valuation report fail to utilize the report in accordance with the scope stipulated by laws, administrative regulations, and the asset valuation report, the asset appraisal institution and professional asset appraisers shall not be held liable.

(3) Except for the client, other users of the asset valuation report as specified in the asset valuation engagement contract, and users of the asset valuation report as prescribed by laws and administrative regulations, any other institution or individual shall not be a user of the asset valuation report.

(4) Users of the asset valuation report shall interpret the valuation conclusion in a proper way. The valuation conclusion does not refer to the realizable price of the valuation subject, and the valuation conclusion should not be regarded as an assurance of the valuation subject 's realizable price.

XIII. VALUATION REPORT DATE

Report date: 21 August 2025.
(no text below)

XIV. SIGNATURES AND SEALS OF VALUATION INSTITUTION AND VALUERS

Qingdao Deming Assets Evaluation Co., Ltd.

Valuer: _____

Valuer: _____

Address: 27th Floor, Century Mansion, No.39 West Donghai Road, Qingdao, China
Postal Code: 266071
Tel: 0532-85793218
Fax: 0532-85798228-8207

21 August 2025

ATTACHMENTS TO THE ASSET VALUATION REPORT

(*All documents below are photocopies unless otherwise stated*)

1. Business licenses of client and valuation subject;

2. Audited financial statements as of valuation reference date;

3. Key ownership certification documents related to the subject under assessment;

4. Commitment letters from client and valuation subject (original);

5. Commitment letter from signed valuers (original);

6. Valuation institution qualification certificate (Shandong Provincial Finance Department [Lu Cai Zi Han [2017] No. 14]);

7. List of the valuation institution engaged in securities business;;

8. Business license copy of the valuation institution;

9. Qualification certificates and registration cards of signed valuers;

10. Summary sheets of the income approach and market approach assessments.