

The following is the text of a report set out on pages II-1 to II-39, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TRULY (RENSHOU) HIGH-END DISPLAY TECHNOLOGY LIMITED

TO THE DIRECTORS OF TRULY INTERNATIONAL HOLDINGS LIMITED

Introduction

We report on the historical financial information of Truly (Renshou) High-end Display Technology Limited* (信利(仁壽)高端顯示科技有限公司) (the "Target Company") set out on pages II-4 to II-39, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Company for each of the three years ended 31 December 2024 and the six months ended 30 June 2025 (the "Relevant Periods") 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-39 forms an integral part of this report, which has been prepared for inclusion in the circular of Truly International Holdings Limited (the "Company") dated 25 November 2025 (the "Circular") in connection with the proposed acquisition of equity interests in the Target Company through public tenders.

** for identification purpose only*

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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

Reporting accountants' responsibility

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

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TRULY (RENSHOU) HIGH-END DISPLAY TECHNOLOGY LIMITED

TO THE DIRECTORS OF TRULY INTERNATIONAL HOLDINGS LIMITED - continued

Reporting accountants' responsibility - continued

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025, and of the Target Company's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 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 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TRULY (RENSHOU) HIGH-END
DISPLAY TECHNOLOGY LIMITED

TO THE DIRECTORS OF TRULY INTERNATIONAL HOLDINGS LIMITED - continued

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 November 2025

HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

Preparation of Historical Financial Information

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

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>NOTES</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	6	1,857,020	2,329,722	3,137,627	1,702,341	1,580,924
Cost of sales		<u>(1,844,840)</u>	<u>(2,511,411)</u>	<u>(3,249,121)</u>	<u>(1,789,474)</u>	<u>(1,525,102)</u>
Gross profit (loss)		12,180	(181,689)	(111,494)	(87,133)	55,822
Other income	7	312,650	675,943	134,477	57,592	65,982
Other gains and losses, net	7	1,575	(12,522)	(1,123)	1,907	(5,474)
Distribution and selling expenses		(4,941)	(2,110)	(2,344)	-	-
Administrative expenses		(97,331)	(94,731)	(69,582)	(32,726)	(45,308)
Finance costs	8	<u>(41,591)</u>	<u>(92,633)</u>	<u>(95,313)</u>	<u>(65,547)</u>	<u>(41,104)</u>
Profit (loss) before taxation		182,542	292,258	(145,379)	(125,907)	29,918
Income tax (expense) credit	9	<u>(24,508)</u>	<u>(44,743)</u>	<u>31,696</u>	<u>26,684</u>	<u>2,008</u>
Profit (loss) and total comprehensive income (expenses) for the year/period	10	<u>158,034</u>	<u>247,515</u>	<u>(113,683)</u>	<u>(99,223)</u>	<u>31,926</u>

STATEMENTS OF FINANCIAL POSITION

			<u>As at 31 December</u>		<u>As at 30 June</u>
	<u>NOTES</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	8,867,551	8,368,652	8,350,903	8,847,328
Right-of-use assets	14	58,057	56,778	55,499	54,860
Long-term receivables	17	-	296,688	544,618	554,422
Deposits paid for acquisition of property, plant and equipment	15	28,998	29,055	47,223	63,519
Loan receivables from related parties	26	536,330	549,654	1,425,011	1,617,568
		<u>9,490,936</u>	<u>9,300,827</u>	<u>10,423,254</u>	<u>11,137,697</u>
CURRENT ASSETS					
Inventories	16	215,325	311,448	273,301	234,753
Trade and other receivables	17	237,131	733,170	334,867	439,810
Amounts due from related parties	26	768,154	1,346,886	1,021,709	1,688,341
Restricted bank deposits	18	-	4,672	-	18,133
Bank balances	18	68,179	13,537	63,933	84,445
		<u>1,288,789</u>	<u>2,409,713</u>	<u>1,693,810</u>	<u>2,465,482</u>
CURRENT LIABILITIES					
Trade and other payables	19	766,648	873,316	644,711	764,363
Contract liabilities	20	49,031	87,169	62,645	67,337
Amounts due to related parties	26	123,785	249,742	324,951	432,365
Bank and other borrowings due within one year	21	1,513,161	1,494,684	1,265,355	2,237,881
		<u>2,452,625</u>	<u>2,704,911</u>	<u>2,297,662</u>	<u>3,501,946</u>
NET CURRENT LIABILITIES		<u>(1,163,836)</u>	<u>(295,198)</u>	<u>(603,852)</u>	<u>(1,036,464)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,327,100</u>	<u>9,005,629</u>	<u>9,819,402</u>	<u>10,101,233</u>
NON-CURRENT LIABILITIES					
Bank and other borrowings due after one year	21	731,837	1,118,108	2,077,260	2,329,173
Deferred tax liabilities	22	66,824	111,567	79,871	77,863
		<u>798,661</u>	<u>1,229,675</u>	<u>2,157,131</u>	<u>2,407,036</u>
NET ASSETS		<u>7,528,439</u>	<u>7,775,954</u>	<u>7,662,271</u>	<u>7,694,197</u>
CAPITAL AND RESERVES					
Paid-up capital	23	7,000,000	7,000,000	7,000,000	7,000,000
Reserves		528,439	775,954	662,271	694,197
TOTAL EQUITY		<u>7,528,439</u>	<u>7,775,954</u>	<u>7,662,271</u>	<u>7,694,197</u>

STATEMENTS OF CHANGES IN EQUITY

	<u>Paid-up capital</u> RMB'000	<u>Statutory reserve</u> RMB'000 (Note)	<u>Retained profits</u> RMB'000	<u>Total</u> RMB'000
At 1 January 2022	7,000,000	3,046	367,359	7,370,405
Profit and total comprehensive income for the year	-	-	158,034	158,034
Appropriation to reserve	-	864	(864)	-
At 31 December 2022	7,000,000	3,910	524,529	7,528,439
Profit and total comprehensive income for the year	-	-	247,515	247,515
Appropriation to reserve	-	848	(848)	-
At 31 December 2023	7,000,000	4,758	771,196	7,775,954
Loss and total comprehensive expense for the year	-	-	(113,683)	(113,683)
Appropriation to reserve	-	1,367	(1,367)	-
At 31 December 2024	7,000,000	6,125	656,146	7,662,271
Profit and total comprehensive income for the period	-	-	31,926	31,926
At 30 June 2025	<u>7,000,000</u>	<u>6,125</u>	<u>688,072</u>	<u>7,694,197</u>
At 31 December 2023	7,000,000	4,758	771,196	7,775,954
Loss and total comprehensive expense for the period	-	-	(99,223)	(99,223)
At 30 June 2024 (unaudited)	<u>7,000,000</u>	<u>4,758</u>	<u>671,973</u>	<u>7,676,731</u>

Note: The statutory reserve represents the amount transferred from net profit for the year established in the People's Republic of China (the "PRC"), based on the financial statements of the Target Company prepared in accordance with the China Accounting Standards for Business Enterprise, in accordance with the relevant PRC laws until the statutory surplus reserve reaches 50% of its registered capital. The statutory surplus reserve cannot be reduced except either use to set off the accumulated losses or increase capital.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
OPERATING ACTIVITIES					
Profit (loss) before taxation	182,542	292,258	(145,379)	(125,907)	29,918
Adjustments for:					
Depreciation of property, plant and equipment	549,763	551,560	514,762	256,418	247,097
Depreciation of right-of-use assets	1,333	1,279	1,279	639	639
Allowance (reversal of allowance) for inventories	75,436	(67,743)	(6,570)	-	-
(Gain) loss on disposal of property, plant and equipment and right-of-use assets	(4,294)	11,729	1	-	6
Interest income	(30,050)	(73,545)	(61,014)	(28,724)	(50,670)
Finance costs	41,591	92,633	95,313	65,547	41,104
Operating cash flows before movements in working capital	816,321	808,171	398,392	167,973	268,094
(Increase) decrease in inventories	(122,119)	(28,380)	44,717	89,586	38,548
Decrease (increase) in trade and other receivables	402,823	(792,727)	150,373	(168,986)	(114,747)
Decrease (increase) in trade amounts due from related parties	104,702	40,968	(86,096)	(27,216)	(29,992)
(Decrease) increase in trade and other payables	(110,763)	438,322	(212,649)	224,554	171,016
(Decrease) increase in contract liabilities	(33,609)	38,138	(24,524)	(2,121)	4,692
(Decrease) increase in trade amounts due to related parties	(804)	154,427	27,250	(62,683)	64,071
NET CASH FROM OPERATING ACTIVITIES	1,056,551	658,919	297,463	221,107	401,682
INVESTING ACTIVITIES					
Repayment from related parties	866,128	686,976	373,030	341,602	204,699
Withdrawal of restricted bank deposits	124,670	-	4,672	4,672	-
Interest received	30,050	73,545	61,014	28,724	50,670
Proceeds from disposal of property, plant and equipment and right-of-use assets	11,808	-	-	-	-
Government grants received	31,212	-	-	-	-
Placement of restricted bank deposits	-	(4,672)	-	-	(18,133)
Purchase and deposits paid for property, plant and equipment	(169,699)	(350,183)	(497,198)	(140,286)	(764,016)
Advances to related parties	(1,020,000)	(1,320,000)	(837,114)	(37,900)	(1,033,896)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(125,831)	(914,334)	(895,596)	196,812	(1,560,676)
FINANCING ACTIVITIES					
Repayment of bank and other borrowings	(1,215,085)	(1,564,935)	(1,495,684)	(665,526)	(711,593)
Interest paid	(161,462)	(178,000)	(129,253)	(91,117)	(88,276)
Repayments to related parties	(308,118)	(49,470)	(249,742)	(143,769)	(162,475)
Advances from related parties	118,888	21,000	297,701	124,871	205,818
New bank and other borrowings raised	610,000	1,972,178	2,225,507	413,454	1,936,032
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(955,777)	200,773	648,529	(362,087)	1,179,506
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25,057)	(54,642)	50,396	55,832	20,512
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	93,236	68,179	13,537	13,537	63,933
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, represented by bank balances	68,179	13,537	63,933	69,369	84,445

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the PRC with limited liability on 8 September 2017. The addresses of the registered office of the Target Company and principal places of business of the Target Company are Wenlin Industrial Zone, 1 Xinli Road, Renshou Town, Meishan City, Sichuan Province, the PRC.

The shareholders of the Target Company are Renshou County Industries Investment Co., Ltd. (仁壽縣產業投資有限公司) ("Renshou Industries"), Renshou Jian No. 1 Investment Centre Limited Partnership (仁壽集安一號投資中心(有限合夥)) ("Renshou Jian No.1 L.P.") and Truly Optoelectronics Limited (信利光電股份有限公司), a subsidiary of the Company, which was incorporated as an exempted company with limited liability in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (together with its subsidiaries refer to as "Truly Group"), and owned as to 64.29%, 6.02% and 29.69% of the Target Company, respectively. Renshou Industry Investment and Renshou Partnership are immediately held by Renshou Development Investment Group Co., Ltd. (仁壽發展投資集團有限公司), a state-owned entity (together with Renshou Industries and Renshou Jian No.1 L.P refer to as "Renshou Shareholders").

The Target Company is engaged in development and production of LCD products.

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Target Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRS Accounting Standards.

The statutory financial statements of the Target Company for the year ended 31 December 2022 prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by ShineWing Certified Public Accountants (Special General Partnership) Sichuan Branch, certified public accountants registered in the PRC. The statutory financial statements of the Target Company for the years ended 31 December 2023 and 2024 prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by Yongtuo Certified Public Accountants (Special General Partnership) Sichuan Branch, certified public accountants registered in the PRC.

Going concern

As at 30 June 2025, the Target Company had net current liabilities of approximately RMB1,036,464,000. The directors of the Target Company have carefully assessed the Target Company's liquidity position by taking into account: (a) included in the current liabilities were the contract liabilities of approximately RMB67,337,000 with no expected future cash outflows; and (b) Renshou Industries has committed to provide financial support to the Target Company to meet in full its financial obligations as and when they fall due for at least the next twelve months from date of this report. The directors of the Target Company believe that the Target Company has adequate resources to continue operations and meet its liabilities as at when they fall due for the foreseeable future of not less than 12 months from the date of this report. Therefore, the directors of the Target Company are of opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Relevant Periods, the Target Company has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2025 throughout the Relevant Period.

New and revised to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to HKFRS Accounting Standards have been issued which are not yet effective:

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

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

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

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

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

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18")

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosure*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Target Company is in the process of assessing the detailed impact of HKFRS 18 on the Target Company's financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared on the historical cost basis, 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.

Revenue from contracts with customers

The Target Company 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.

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

A receivable represents the Target Company'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 Company's obligation to transfer goods or services to a customer for which the Target Company has received consideration (or an amount of consideration is due) from the customer.

Information about Target Company's accounting policies relating to revenue from contracts with customers is provided in note 6.

Property, plant and equipment

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

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

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the reducing balance/straight-line methods. 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.

Property, plant and equipment - continued

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.

Leases

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

The Target Company as a lessee

Right-of-use assets

The cost of right-of-use assets includes any lease payments made on or before the commencement date of lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

ccumulated depreciation and impairment losses.

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

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

Impairment on property, plant and equipment and right-of-use assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

Foreign currencies

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Company should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when the Target Company 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 HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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 Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

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

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

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. 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.

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments ("HKFRS 9")

The Target Company performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, loan receivables from related parties, amounts due from related parties, restricted bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Company'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 Company always recognises lifetime ECL for trade receivables and trade related balances with related parties.

For all other instruments, the Target Company measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Target Company 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 Company 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 Company 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; or
- an actual or expected significant deterioration in the operating results of the debtor.

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

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

(ii) Definition of default

For internal credit risk management, the Target Company 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 Company, in full (without taking into account any collaterals held by the Target Company).

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Target Company 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 Company's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

The Target Company 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 where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to related parties, bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company'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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Company's accounting policies, the management of the Target Company 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of property, plant and equipment and right-of use assets

Property, plant and equipment and right-of use assets are stated at cost less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Target Company has to exercise judgment and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the carrying amounts of property, plant and equipment and right-of use assets subject to impairment assessment in aggregate were RMB8,925,608,000, RMB8,425,430,000, RMB8,406,402,000 and RMB8,902,188,000, respectively. Based on the impairment assessment, no impairment loss is considered necessary.

Valuation of inventories

Inventories are carried at the lower of cost and net realisable value at the end of each reporting period. Net realisable value is determined on the basis of the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The management estimates the net realisable value for inventories based primarily on the latest invoice prices, current market conditions, historical experience on selling similar inventories and physical conditions of the inventories. It could change significantly as a result of changes in market conditions. In addition, the management performs an inventory review at the end of each reporting period and assesses the need for write down of inventories.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the carrying amount of the inventories amounted to RMB215,325,000, RMB311,448,000, RMB273,301,000 and RMB234,753,000, respectively, after taking into account the allowance for inventories of RMB76,111,000, RMB8,368,000, RMB1,798,000 and RMB1,798,000, as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

6. REVENUE

Disaggregation of revenue from contract with customers by types of products is analysed as follows:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Types of goods					
Sales of LCD products					
- Recognised at a point in time	<u>1,857,020</u>	<u>2,329,722</u>	<u>3,137,627</u>	<u>1,702,341</u>	<u>1,580,924</u>

The Target Company is principally engaged in the manufacture and distribution of LCD products. The Target Company recognises the revenue at a point in time when the control of products is transferred to the customer, i.e. when the goods have been delivered to customer's specific location. A receivable is recognised by the Target Company when the goods are delivered to the customer's premises as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The customers have neither right of return nor rights to defer or avoid payment for the goods once they are accepted by the customers. The normal credit period is 30 to 90 days upon delivery.

During the Relevant Periods, all performance obligations for sales of LCD products are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at 31 December 2022, 2023 and 2024 and 30 June 2025 are not disclosed.

7. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
<u>Other income</u>					
Government grants (note 17)	256,383	577,758	59,255	24,011	11,007
Bank interest income	13,397	5,645	2,103	111	56
Interest income from amounts due from related parties (note 26)	16,653	67,900	58,911	28,613	50,614
Lease income	24,542	24,615	13,830	4,489	4,293
Others	<u>1,675</u>	<u>25</u>	<u>378</u>	<u>368</u>	<u>12</u>
	<u>312,650</u>	<u>675,943</u>	<u>134,477</u>	<u>57,592</u>	<u>65,982</u>
<u>Other gains and losses</u>					
Gain (loss) on disposal of property, plant and equipment and right-of-use assets (note)	4,294	(11,729)	(1)	-	(6)
Net exchange (loss) gain	(1,194)	(778)	196	1,917	(1,928)
Others	<u>(1,525)</u>	<u>(15)</u>	<u>(1,318)</u>	<u>(10)</u>	<u>(3,540)</u>
	<u>1,575</u>	<u>(12,522)</u>	<u>(1,123)</u>	<u>1,907</u>	<u>(5,474)</u>

Note: During the year ended 31 December 2022, the Target Company entered into an agreement with the relevant government authority in Sichuan Province, the PRC, pursuant to which land use rights of certain parcels of land in Renshou Town, Sichuan Province, the PRC, together with certain structures and other assets thereon, were resumed by the relevant government authority at a consideration by way of cash compensation of RMB11,808,000 (the "Land Resumption"). The carrying amounts of the relevant land use rights and

property, plant and equipment are RMB4,509,000 and RMB3,005,000, respectively, were derecognised as a result of the Land Resumption and a net gain of RMB4,294,000 was recognised and included in the gain on disposal of property, plant and equipment and right-of-use assets for the year ended 31 December 2022.

8. FINANCE COSTS

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank and other borrowings	116,098	138,531	129,253	91,117	88,276
Interest on loan from related parties (note 26)	8,116	20	-	-	-
	124,214	138,551	129,253	91,117	88,276
Less: Capitalised in the cost of qualifying assets	(82,623)	(45,918)	(33,940)	(25,570)	(47,172)
	<u>41,591</u>	<u>92,633</u>	<u>95,313</u>	<u>65,547</u>	<u>41,104</u>

Borrowing costs capitalised during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 that arose on the general borrowing pool are calculated by applying a capitalisation rate of 6.46%, 5.73%, 4.51%, 4.26% (unaudited) and 4.59%, per annum, respectively, to expenditures on qualifying assets.

9. INCOME TAX EXPENSE (CREDIT)

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax in the PRC Enterprise income tax ("EIT")	-	-	-	-	-
Deferred tax (note 22)	24,508	44,743	(31,696)	(26,684)	(2,008)
	<u>24,508</u>	<u>44,743</u>	<u>(31,696)</u>	<u>(26,684)</u>	<u>(2,008)</u>

The Target Company, which was registered in Sichuan Province and regarded as advanced technology enterprise by local tax bureau, is entitled to the PRC income tax at a preferential rate of 15% since 1 January 2021 to 5 December 2027.

No provision for the EIT was made for the years ended 31 December 2023 and 2024 since the Target Company had no assessable profits for the respective year. No provision for the EIT was made for the year ended 31 December 2022 and the six months ended 30 June 2025 since the Target Company had unutilised tax loss to offset the assessable profit for the respective year/period.

The income expense for the Relevant Periods can be reconciled to the profit (loss) before taxation for the statements of profit or loss and other comprehensive income are as follows:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit (loss) before taxation	<u>182,542</u>	<u>292,258</u>	<u>(145,379)</u>	<u>(125,907)</u>	<u>29,918</u>

Tax at EIT rate of 15%	27,381	43,839	(21,807)	(18,886)	4,488
Tax effect of expenses not deductible for tax purpose	1,702	6,038	2,167	(1,814)	(708)
Tax effect of additional deduction of research and development expenses incurred (Note)	<u>(4,575)</u>	<u>(5,134)</u>	<u>(12,056)</u>	<u>(5,984)</u>	<u>(5,788)</u>
Income tax expense (credit) for the year/period	<u>24,508</u>	<u>44,743</u>	<u>(31,696)</u>	<u>(26,684)</u>	<u>(2,008)</u>

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

10. PROFIT (LOSS) FOR THE YEAR/PERIOD

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Profit (loss) before taxation has been arrived at after charging (crediting):					
Auditors' remuneration	138	150	142	142	113
Staff's salaries and other benefits	133,917	130,405	144,391	68,680	73,556
Staff's retirement benefit contributions	<u>9,271</u>	<u>9,211</u>	<u>10,833</u>	<u>4,972</u>	<u>5,472</u>
	<u>143,188</u>	<u>139,616</u>	<u>155,224</u>	<u>73,652</u>	<u>79,028</u>
Depreciation of property, plant and equipment (including amounts capitalised in inventories)	549,763	551,560	514,762	256,418	247,097
Depreciation of right-of-use assets	<u>1,333</u>	<u>1,279</u>	<u>1,279</u>	<u>639</u>	<u>639</u>
	<u>551,096</u>	<u>552,839</u>	<u>516,041</u>	<u>257,057</u>	<u>247,736</u>
Cost of inventories recognised as cost of sales	1,613,051	2,461,964	3,126,733	1,723,550	1,463,957
Research and development costs included in cost of sales	87,624	88,463	102,182	50,828	49,363
Allowance (reversal of allowance) for inventories recognised as cost of sales	<u>75,436</u>	<u>(67,743)</u>	<u>(6,570)</u>	<u>-</u>	<u>-</u>

11. DIVIDENDS

No dividend was declared or paid by the Target Company in respect of the Relevant Periods.

12. EARNINGS PER SHARE

Earnings per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information in this report.

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u> RMB'000	<u>Furniture, fixtures and equipment</u> RMB'000	<u>Plant and machinery</u> RMB'000	<u>Motor vehicles</u> RMB'000	<u>Construction in progress</u> RMB'000	<u>Total</u> RMB'000
COST						
At 1 January 2022	1,945,218	2,425,305	3,958,099	2,898	1,600,181	9,931,701
Additions	-	3,846	5,000	-	140,953	149,799
Finance costs capitalised	-	-	-	-	82,623	82,623
Government grant received (Note a)	-	-	-	-	(31,212)	(31,212)
Transfer upon completion	-	1,538	590,181	-	(591,719)	-
Disposals (Note b)	-	-	(6,106)	-	-	(6,106)
At 31 December 2022	1,945,218	2,430,689	4,547,174	2,898	1,200,826	10,126,805
Additions	-	3,366	241	-	14,865	18,472
Finance costs capitalised	-	-	-	-	45,918	45,918
Transfer upon completion	-	-	354,952	-	(354,952)	-
Disposals	-	-	(14,530)	-	-	(14,530)
At 31 December 2023	1,945,218	2,434,055	4,887,837	2,898	906,657	10,176,665
Additions	-	1,674	31,628	56	429,716	463,074
Finance costs capitalised	-	-	-	-	33,940	33,940
Transfer upon completion	-	-	48,927	-	(48,927)	-
Disposals	-	(3)	-	-	-	(3)
At 31 December 2024	1,945,218	2,435,726	4,968,392	2,954	1,321,386	10,673,676
Additions	-	10	6,185	-	690,161	696,356
Finance costs capitalised	-	-	-	-	47,172	47,172
Transfer upon completion	-	3,000	218,968	-	(221,968)	-
Disposals	-	-	-	(70)	-	(70)
At 30 June 2025	1,945,218	2,438,736	5,193,545	2,884	1,836,751	11,417,134
DEPRECIATION						
At 1 January 2022	92,489	140,527	476,310	1,762	-	711,088
Provided for the year	48,630	73,042	427,750	341	-	549,763
Eliminated on disposals (Note b)	-	-	(1,597)	-	-	(1,597)
At 31 December 2022	141,119	213,569	902,463	2,103	-	1,259,254
Provided for the year	48,630	71,698	430,993	239	-	551,560
Eliminated on disposals	-	-	(2,801)	-	-	(2,801)
At 31 December 2023	189,749	285,267	1,330,655	2,342	-	1,808,013
Provided for the year	48,630	70,209	395,748	175	-	514,762
Eliminated on disposals	-	(2)	-	-	-	(2)
At 31 December 2024	238,379	355,474	1,726,403	2,517	-	2,322,773
Provided for the period	24,315	34,530	188,186	66	-	247,097
Eliminated on disposals	-	-	-	(64)	-	(64)
At 30 June 2025	262,694	390,004	1,914,589	2,519	-	2,569,806
CARRYING AMOUNTS						
At 31 December 2022	<u>1,804,099</u>	<u>2,217,120</u>	<u>3,644,711</u>	<u>795</u>	<u>1,200,826</u>	<u>8,867,551</u>
At 31 December 2023	<u>1,755,469</u>	<u>2,148,788</u>	<u>3,557,182</u>	<u>556</u>	<u>906,657</u>	<u>8,368,652</u>
At 31 December 2024	<u>1,706,839</u>	<u>2,080,252</u>	<u>3,241,989</u>	<u>437</u>	<u>1,321,386</u>	<u>8,350,903</u>
At 30 June 2025	<u>1,682,524</u>	<u>2,048,732</u>	<u>3,278,956</u>	<u>365</u>	<u>1,836,751</u>	<u>8,847,328</u>

- (a) During the year ended 31 December 2022, the Target Company received government grants from Renshou government amounting to RMB31,212,000 related to the construction of manufacturing plant and facilities, which are deducted from the carrying amount of the asset.
- (b) During the year ended 31 December 2022, the Target Company derecognised certain parcel of land use rights together with certain structures and other assets, which were classified as plant and machinery and included in property, plant and equipment. Details are set out in note 7.

The other items of property, plant and equipment, other than construction in progress, are depreciated on a reducing balance method at the following rates per annum:

Furniture, fixtures and equipment	2.5% to 20%
Plant and machinery	11% to 15%
Motor vehicles	25% to 30%

Leasehold
land
RMB'000

At 31 December 2022	58,057
At 31 December 2023	56,778
At 31 December 2024	55,499
At 30 June 2025	54,860

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge	1,333	1,279	1,279	639	639

During the year ended 31 December 2022, the Target Company derecognised certain parcel of land use rights together with certain structures and other assets thereon. Details are set out in note 7.

15. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Company had made deposits of RMB28,998,000, RMB29,055,000, RMB47,223,000 and RMB63,519,000 in relation to the acquisition of the property, plant and equipment from independent third parties respectively.

16. INVENTORIES

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Raw materials	61,042	59,755	78,917	86,489
Work in progress	49,194	63,701	34,330	49,238
Finished goods	105,089	187,992	160,054	99,026
	<u>215,325</u>	<u>311,448</u>	<u>273,301</u>	<u>234,753</u>

17. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Trade receivables from third parties	315	338,358	176,790	261,961
Prepayments	62,854	100,909	44,352	39,743
Other tax receivables	13	1,031	42,079	58,760
Government subsidy receivables from Renshou Government (Note)	160,000	582,258	601,719	619,140
Other receivables	<u>13,949</u>	<u>7,302</u>	<u>14,545</u>	<u>14,628</u>
	237,131	1,029,858	879,485	994,232
Less: Government subsidy receivables classified as non-current assets	<u>-</u>	<u>(296,688)</u>	<u>(544,618)</u>	<u>(554,422)</u>
	<u>237,131</u>	<u>733,170</u>	<u>334,867</u>	<u>439,810</u>

Note: During the year ended 31 December 2023, a government subsidy of RMB601,060,000 was granted to the Target Company for the operating expenses and finance costs already incurred in relation to the development and production of LCD products, which are classified as advanced technology products, by Renshou government. There were no unfulfilled conditions of the Target Company in relation to the entitlement of the government grant. In December 2023, the Target Company obtained a written confirmation from the Renshou government that it will receive the government grants by instalments from 2024 to 2026. Accordingly, the fair value of such government grants amounting to RMB560,857,000 was recognised in profit or loss and included in "other income" for the year ended 31 December 2023.

In January 2025, the Target Company obtained a written confirmation from the Renshou government that the instalments of the remaining government grants were further delayed to the period from 2026 to 2028. As at 30 June 2025, the government subsidy receivables of RMB554,422,000 will be due after one year and classified as non-current assets.

The significant portion of the government subsidy receivables at 31 December 2022 have been recovered by the Target Company.

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB48,000.

The Target Company allows a credit period ranging from 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables based on the invoice date at the end of each reporting period.

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Within 60 days	170	338,358	160,291	162,092
61 to 90 days	-	-	16,499	99,869
More than 90 days	145	-	-	-
	<u>315</u>	<u>338,358</u>	<u>176,790</u>	<u>261,961</u>

Trade and other receivables denominated in currencies other than the functional currency of the Target Company are set out below:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Denominated in United States Dollar ("USD")	-	-	315	282
Denominated in Japanese Yen ("JPY")	-	-	35,647	44,501
	<u>-</u>	<u>-</u>	<u>35,962</u>	<u>44,783</u>

Details of impairment assessment of trade and other receivables are set out in note 28.

18. RESTRICTED BANK DEPOSITS AND BANK BALANCES

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Restricted bank deposits	-	4,672	-	18,133
Bank balances	68,179	13,537	63,933	84,445
	<u>68,179</u>	<u>18,209</u>	<u>63,933</u>	<u>102,578</u>

Bank balances and deposits denominated in currencies other than the functional currency of the Target Company are set out below:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Denominated in USD	-	4,672	1	2
Denominated in JPY	-	-	3	193
	<u>-</u>	<u>4,672</u>	<u>4</u>	<u>195</u>

Restricted bank deposits are to secure letters of guarantee with maturity within one year and are classified as current assets. The restricted bank deposits are released upon expiration of letters of guarantee subsequent to the end of each reporting period.

The interest rates of the bank deposits and balances are as follows:

	<u>2022</u>	<u>As at 31 December</u> <u>2023</u>	<u>2024</u>	<u>As at 30 June</u> <u>2025</u>
Interest rates (per annum):				
Restricted bank deposits	N/A	0.3%	N/A	0.05%
Bank balances	<u>0.3%</u>	<u>0.3%</u>	<u>0.1%</u>	<u>0.05%</u>

19. TRADE AND OTHER PAYABLES

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Trade payables	264,541	700,531	474,509	670,349
Accrued construction cost for property, plant and equipment	466,792	135,138	119,182	67,819
Other payables	10,472	20,072	15,914	13,486
Other tax payables	6,873	956	17,704	1,142
Accrued staff costs	<u>17,970</u>	<u>16,619</u>	<u>17,402</u>	<u>11,567</u>
	<u>766,648</u>	<u>873,316</u>	<u>644,711</u>	<u>764,363</u>

The credit period on purchases of goods ranges from 60 to 90 days. The Target Company has financial risk management policies in place to ensure that majority of the payables are settled within the credit time frame. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Within 60 days	191,024	588,545	401,229	531,060
61 to 90 days	5,007	42,797	24,581	63,922
More than 90 days	<u>68,510</u>	<u>69,189</u>	<u>48,699</u>	<u>75,367</u>
	<u>264,541</u>	<u>700,531</u>	<u>474,509</u>	<u>670,349</u>

Trade and other payables denominated in currencies other than the functional currency of the Target Company are set out below:

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Denominated in USD	76,084	46,351	10,508	6,413
Denominated in JPY	<u>27,081</u>	<u>23,136</u>	<u>20,012</u>	<u>24,356</u>
	<u>103,165</u>	<u>69,487</u>	<u>30,520</u>	<u>30,769</u>

20. CONTRACT LIABILITIES

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Amounts received in advance in respect of sale of goods	<u>49,031</u>	<u>87,169</u>	<u>62,645</u>	<u>67,337</u>

As at 1 January 2022, contract liabilities amounted to RMB82,640,000.

The following table sets out the revenue in the reporting period recognised that was included in the contract liabilities balance at the beginning of each reporting period:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Sale of LCD products	<u>82,640</u>	<u>49,031</u>	<u>87,169</u>	<u>62,645</u>

21. BANK AND OTHER BORROWINGS

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Bank borrowings, secured	664,000	922,778	1,281,980	1,764,970
Other borrowings, secured	<u>1,580,998</u>	<u>1,690,014</u>	<u>2,060,635</u>	<u>2,802,084</u>
	<u>2,244,998</u>	<u>2,612,792</u>	<u>3,342,615</u>	<u>4,567,054</u>
Fixed-rate borrowings	1,620,998	2,316,792	1,286,112	1,731,805
Variable-rate borrowings	<u>624,000</u>	<u>296,000</u>	<u>2,056,503</u>	<u>2,835,249</u>
	<u>2,244,998</u>	<u>2,612,792</u>	<u>3,342,615</u>	<u>4,567,054</u>
Bank and other borrowings				
- current liabilities	1,513,161	1,494,684	1,265,355	2,237,881
- non-current liabilities	<u>731,837</u>	<u>1,118,108</u>	<u>2,077,260</u>	<u>2,329,173</u>
	<u>2,244,998</u>	<u>2,612,792</u>	<u>3,342,615</u>	<u>4,567,054</u>
Carrying amount of bank borrowings repayable*:				
Within one year	664,000	655,798	519,520	988,420
More than one year but not exceeding two years	-	266,980	736,460	192,350
More than two years but not exceeding five years	<u>-</u>	<u>-</u>	<u>26,000</u>	<u>584,200</u>
	664,000	922,778	1,281,980	1,764,970
Less: Amounts due within one year shown under current liabilities	<u>(664,000)</u>	<u>(655,798)</u>	<u>(519,520)</u>	<u>(988,420)</u>
Amounts due after one year shown under non-current liabilities	<u>-</u>	<u>266,980</u>	<u>762,460</u>	<u>776,550</u>

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	2023 RMB'000	RMB'000	2025 RMB'000
Carrying amount of other borrowings repayable*:				
Within one year	849,161	838,886	745,835	1,249,461
More than one year but not exceeding two years	470,210	516,565	745,050	808,818
More than two years but not exceeding five years	261,627	334,563	569,750	743,805
	<u>1,580,998</u>	<u>1,690,014</u>	<u>2,060,635</u>	<u>2,802,084</u>
Less: Amounts due within one year shown under current liabilities	<u>(849,161)</u>	<u>(838,886)</u>	<u>(745,835)</u>	<u>(1,249,461)</u>
Amounts due after one year shown under non-current liabilities	<u>731,837</u>	<u>851,128</u>	<u>1,314,800</u>	<u>1,552,623</u>

* The amounts due are based on scheduled repayment dates set out in loan agreements.

All the Target Company's borrowings are denominated in RMB. The effective interest rates of the Target Company's borrowings are as follows:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
		2023		2025
Effective interest rates (per annum):				
Fixed-rate borrowings	5.01% to 8.88%	5.01% to 8.88%	3.5% to 7.5%	2.3% to 7.5%
Variable-rate borrowings	<u>3.6% to 5.05%</u>	<u>4.35% to 6.98%</u>	<u>3.95% to 7.02%</u>	<u>3.1% to 7.02%</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the bank and other borrowings are secured by property, plant and equipment as disclosed in note 25 and are guaranteed by Renshou Shareholders as disclosed in note 26.

22. DEFERRED TAXATION LIABILITIES

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the Relevant Periods:

	Temporary difference on deductible depreciation RMB'000	Temporary difference on allowance for inventories RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2022	54,269	(101)	(11,852)	42,316
Charge (credit) to profit or loss	<u>30,081</u>	<u>(11,315)</u>	<u>5,742</u>	<u>24,508</u>
At 31 December 2022	84,350	(11,416)	(6,110)	66,824
Charge (credit) to profit or loss	<u>35,604</u>	<u>10,161</u>	<u>(1,022)</u>	<u>44,743</u>
At 31 December 2023	119,954	(1,255)	(7,132)	111,567
(Credit) charge to profit or loss	<u>(27,138)</u>	<u>882</u>	<u>(5,440)</u>	<u>(31,696)</u>
At 31 December 2024	92,816	(373)	(12,572)	79,871
(Credit) charge to profit or loss	<u>(11,518)</u>	<u>-</u>	<u>9,510</u>	<u>(2,008)</u>
At 30 June 2025	<u>81,298</u>	<u>(373)</u>	<u>(3,062)</u>	<u>77,863</u>

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Company had unutilised tax losses of RMB40,733,000, RMB47,547,000, RMB83,813,000 and RMB20,413,000, respectively, for which a deferred tax asset of RMB6,110,000, RMB7,132,000, RMB12,572,000 and RMB3,062,000, respectively, has been recognised.

23. PAID-UP CAPITAL

	RMB'000
Registered capital and paid-up capital	
At 1 January 2022, 31 December 2022, 2023 and 2024 and 30 June 2025	<u>7,000,000</u>

24. CAPITAL COMMITMENTS

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Capital expenditure contracted for but not provided in the Historical Financial Information in respect of property, plant and equipment	<u>304,414</u>	<u>273,289</u>	<u>281,349</u>	<u>287,598</u>

25. PLEDGE OF ASSETS

The followings assets were pledged to secured certain facilities granted to the Target Company at the end of each reporting period.

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Property, plant and equipment	<u>5,602,112</u>	<u>6,255,411</u>	<u>6,636,943</u>	<u>7,265,876</u>

26. RELATED PARTY DISCLOSURES

(a) Related party balances

	<u>2022</u> RMB'000	<u>As at 31 December</u> <u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>As at 30 June</u> <u>2025</u> RMB'000
Amounts due from related parties:				
- Trade nature (Note i)				
Truly Group	468,524	427,556	513,652	543,644
- Non-trade nature				
<i>Interest-bearing</i>				
Renshou Shareholders (Note ii)	821,118	1,442,789	1,896,792	2,712,277
<i>Interest-free</i>				
Truly Group (Note iii)	<u>14,842</u>	<u>26,195</u>	<u>36,276</u>	<u>49,988</u>
	1,304,484	1,896,540	2,446,720	3,305,909
Less: Loan receivables due after one year and classified as non-current assets	<u>(536,330)</u>	<u>(549,654)</u>	<u>(1,425,011)</u>	<u>(1,617,568)</u>
	<u>768,154</u>	<u>1,346,886</u>	<u>1,021,709</u>	<u>1,688,341</u>
Amounts due to related parties:				
- Trade nature (Note iv)				
Truly Group	5,363	86,138	68,902	146,692
Renshou Shareholders	<u>16,936</u>	<u>90,588</u>	<u>135,074</u>	<u>121,355</u>
	<u>22,299</u>	<u>176,726</u>	<u>203,976</u>	<u>268,047</u>
- Non-trade nature				
<i>Interest-free</i>				
Truly Group (Note v)	4,940	7,051	9,418	9,418
Renshou Shareholders (Note v)	<u>96,546</u>	<u>65,965</u>	<u>111,557</u>	<u>154,900</u>
	<u>101,486</u>	<u>73,016</u>	<u>120,975</u>	<u>164,318</u>
	<u>123,785</u>	<u>249,742</u>	<u>324,951</u>	<u>432,365</u>

Notes:

- (i) For the trade balances due from Truly Group, a 30 to 90 days credit term is granted from the issuance of invoices.

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB573,226,000.

The following is an aging analysis of trade amounts due from Truly Group presented based on the invoice date at the end of each reporting period, which approximated to the respective revenue recognition date:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Within 60 days	195,666	252,287	221,523	245,251
61 to 90 days	139,752	58,790	116,860	27,704
More than 90 days	133,106	116,479	175,269	270,689
	<u>468,524</u>	<u>427,556</u>	<u>513,652</u>	<u>543,644</u>

- (ii) During the years/period ended 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Company entered into loan agreements with Renshou Shareholders, regarding the fund provision of RMB1,020,000,000, RMB1,320,000,000, RMB1,200,000,000 and RMB1,000,000,000, respectively, with maturity periods ranging from one year to six years. The funds advanced to Renshou Shareholders carried interest ranging from 5.0% per annum to 7.5% per annum and were unsecured and unguaranteed.

At 31 December 2022, 2023 and 2024 and 30 June 2025, the amounts of RMB284,788,000, RMB893,135,000, RMB471,781,000 and RMB1,094,709,000, respectively, are due in one year and classified as current assets and the amounts of RMB536,330,000, RMB549,654,000, RMB1,425,011,000 and RMB1,617,568,000, respectively, are due after one year and classified as non-current assets.

- (iii) As at 31 December 2022, 2023 and 2024 and 30 June 2025, the non-trade balances due from Truly Group were interest-free, unsecured and repayable on demand.
- (iv) For the trade balances due to Truly Group and Renshou Shareholders, the credit period on purchases of goods ranges from 60 to 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Within 60 days	5,063	176,726	64,098	202,701
61 to 90 days	34	-	71,201	4,032
More than 90 days	17,202	-	-	71,201
	<u>22,299</u>	<u>176,726</u>	<u>135,299</u>	<u>277,934</u>

- (v) As at 31 December 2024 and 30 June 2025, the non-trade balances due to Truly Group and Renshou Shareholders were interest-free, unsecured and repayable on demand.

During the years ended 31 December 2022 and 2023, the Target Company entered into loan agreements with certain subsidiaries of Renshou Shareholders, regarding the fund provision of RMB300,000,000 and RMB21,000,000 (year ended 31 December 2024 and the six months ended 30 June 2025: nil), respectively. The funds advanced from Renshou Shareholders carried interests ranging from 7% per annum to 8% per annum and were unsecured and unguaranteed and have been repaid during the years ended 31 December 2022 and 2023, respectively.

- (vi) All the amounts due from/to related parties are denominated in RMB.

(b) Related party transactions

Saved as disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Target Company entered into the following transactions with related parties:

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
		<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Truly Group	Sales	1,623,090	764,573	732,894	442,591	342,665
	Purchase	<u>26,310</u>	<u>210,508</u>	<u>329,285</u>	<u>111,411</u>	<u>343,753</u>
Renshou Shareholders	Sales	227	-	-	-	-
	Purchase	49,388	58,870	46,680	23,330	24,514
	Interest income	16,653	67,900	58,911	28,613	50,614
	Interest expenses	<u>8,116</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the Relevant Periods, Renshou Shareholders provided guarantees in respect of bank and other borrowings of the Target Company. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the carrying amounts of the guaranteed bank and other borrowings are RMB2,244,998,000, RMB2,612,792,000, RMB3,342,615,000 and RMB 4,567,054,000, respectively.

(c) Compensation of key management personnel

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2022</u> RMB'000	<u>2023</u> RMB'000	<u>2024</u> RMB'000	<u>2024</u> RMB'000 (unaudited)	<u>2025</u> RMB'000
Short-term benefits	4,002	3,914	3,692	1,604	1,587
Post-employment benefits	<u>291</u>	<u>282</u>	<u>160</u>	<u>77</u>	<u>80</u>
	<u>4,293</u>	<u>4,196</u>	<u>3,852</u>	<u>1,681</u>	<u>1,667</u>

The remuneration of key management personnel is determined having regard to the performance of the individuals.

27. CAPITAL RISK MANAGEMENT

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to the shareholders of the Target Company through the optimisation of the debt and equity balance. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debts, which includes, where appropriate, amounts due to related parties, bank and other borrowings, net of cash and cash equivalents and equity attributable to the owners of the Target Company, comprising issued share capital and reserves.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of the capital, and takes appropriate actions to balance its overall capital structure.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	RMB'000	<u>2023</u>	RMB'000	<u>2025</u>
		RMB'000		RMB'000
Financial assets				
At amortised cost	<u>1,386,927</u>	<u>2,260,409</u>	<u>2,701,988</u>	<u>3,685,076</u>
Financial liabilities				
At amortised cost	<u>2,643,796</u>	<u>3,583,137</u>	<u>4,157,989</u>	<u>5,683,254</u>

(b) Financial risk management objectives and policies

The Target Company's major financial instruments include loan receivables from related parties, trade and other receivables, amounts due from related parties, restricted bank deposits, bank balances, trade and other payables, amounts due to related parties, bank and other borrowings.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and 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 Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Currency risk

Certain bank balances, trade and other payables of the Target Company are denominated in currencies other than RMB, the functional currency of the Target Company, which expose the Target Company to foreign currency risk.

The Target Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Target Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period:

	<u>2022</u>	<u>As at 31 December</u>	<u>2024</u>	<u>As at 30 June</u>
	<u>RMB'000</u>	<u>2023</u>	<u>RMB'000</u>	<u>2025</u>
		<u>RMB'000</u>		<u>RMB'000</u>
Assets				
USD	-	4,672	316	284
JPY	-	-	35,650	44,694
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
USD	76,084	46,351	10,508	6,413
JPY	27,081	23,136	20,012	24,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Sensitivity analysis

The Target Company are mainly exposed to the fluctuation of foreign exchange rates of USD and JPY.

The following table details the Target Company's sensitivity to a 5% increase and decrease in RMB, the functional currency of the Target Company, against the relevant foreign currencies. 5% is the sensitivity rate used in the management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of each of the reporting periods for a 5% change in the functional currency rates of the Target Company. A positive (negative) number below indicates a decrease in post-tax profit (an increase in post-tax loss) where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit (loss) for the year/period and the amount below would be negative.

	<u>Years ended 31 December</u>			<u>Six months ended</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>30 June 2025</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Impact on profit (loss) for the year/period				
USD	3,234	1,771	433	260
JPY	<u>1,151</u>	<u>983</u>	<u>(665)</u>	<u>(864)</u>

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the Relevant Periods.

(ii) Interest rate risk

The Target Company is exposed to fair value interest rate risk in relation to fixed-rate loan receivables due from related parties, fixed-rate loan due to related parties and bank and other borrowings. The Target Company is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank and other borrowings. The Target Company's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rate for the bank and other borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of each reporting period were outstanding for the whole year/period. A 100 basis point increase or decrease in variable-rate bank and other borrowings are used and represents management's assessment of the reasonably possible change in interest rates. A negative number below indicates a decrease in post-tax profit (an increase in post-tax loss) where the interest rates are higher for 100 basis points and all other variables were held constant. Where the interest rates are lower for 100 basis points and all other variables were held constant, there would be an equal and opposite impact on the profit for the year/period.

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Impact on loss for the year/period	<u>(5,304)</u>	<u>(2,516)</u>	<u>(17,480)</u>	<u>(12,050)</u>	<u>(12,050)</u>

Credit risk and impairment assessment

At the end of each reporting period, the Target Company's maximum exposure to credit risk which will cause a financial loss to the Target Company due to failure to discharge an obligation by the counterparties is the gross carry amount of each class of financial assets disclosed as below.

	Notes	External credit rating	Internal credit rating	12 m or life-time ECL	Gross carrying amount			
					2022 RMB'000	At 31 December 2023 RMB'000	2024 RMB'000	At 30 June 2025 RMB'000
Trade receivables and trade amounts due from related parties	17/26	N/A	(i)	Life-time ECL (individual assessment)	<u>468,839</u>	<u>765,914</u>	<u>690,442</u>	<u>805,605</u>
Other receivables and non-trade amounts due from related parties (including loan receivables from related parties)	17/26	N/A	(ii)	12m ECL	<u>849,909</u>	<u>1,476,286</u>	<u>1,947,613</u>	<u>2,776,893</u>
Restricted bank deposits and bank balances	18	AAA	N/A	12m ECL	<u>68,179</u>	<u>18,209</u>	<u>63,933</u>	<u>102,578</u>

- (i) Trade receivables arising from contracts with customers and trade amounts due from related parties

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Company was exposed to concentration of credit risk on trade receivables as 99.93%, 55.82%, 74.39% and 67.48% of the total trade receivables, respectively, which represented the trade balances due from certain subsidiaries of Truly Group, the Target Company's largest customers.

In order to minimise credit risk, the management of the Target Company promptly monitors determination of credit limits, credit approvals and other reviewing procedures to ensure that follow-up action is taken to recover overdue debts.

For trade receivables, the Target Company has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Target Company considered the expected credit losses on trade receivables and trade amounts due from related parties are insignificant.

- (ii) Other receivables, non-trade amounts due from related parties (including loan receivables from related parties), restricted bank deposits and bank balances

The credit risk of other receivables and non-trade amounts due from related parties (including loan receivables from related parties) are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Target Company also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Target Company closely monitors the financial performance of the related parties. In this regard, the directors of the Target Company consider that the Target Company's credit risk is significantly reduced.

For other receivables and non-trade amounts due from related parties (including loan receivables from related parties), the directors of the Target Company consider the counterparties with good credit worthiness based on past repayment history. In the opinion of the directors of the Target Company, the risk of default by these counterparties is not significant and the Target Company assessed that the ECL on these balances are insignificant.

The credit risk on bank balances and restricted bank deposits is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC. In the opinion of the directors of the Target Company, the risk of default by these counterparties is not significant and the Target Company assessed that the ECL on these balances are insignificant.

Liquidity risk

In the management of liquidity risk, the Target Company's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Company's operations and mitigate the effects of fluctuations in cash flows. The Target Company is dependent upon its bank and other borrowings as significant sources of liquidity.

As at 30 June 2025, the Target Company had net current liabilities of approximately RMB1,036,464,000. The directors of the Target Company have carefully assessed the Target Company's liquidity position by taking into account: (a) included in the current liabilities were the contract liabilities of approximately RMB67,337,000 with no expected future cash outflows; and (b) Renshou Industries has committed to provide financial support to the Target Company to meet in full its financial obligations as and when they fall due for at least the next twelve months from date of this report. The directors of the Target Company believe that the Target Company has adequate resources to continue operations and meet its liabilities as at when they fall due for the foreseeable future of not less than 12 months from the date of this report.

The following table details the Target Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the discounted amount is derived from interest rates existing at the end of each reporting period.

Liquidity tables

	Weighted average effective interest rate %	On demand and less than 3 months RMB'000	3 months to 1 year RMB'000	1 - 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<u>At 31 December 2022</u>						
<i>Financial liabilities</i>						
Trade and other payables	-	275,013	-	-	275,013	275,013
Amounts due to related parties						
- interest-free	-	123,785	-	-	123,785	123,785
Borrowings						
- fixed rate	7.27	436,010	532,925	854,118	1,823,053	1,620,998
- variable rate	4.34	103,394	535,153	-	638,547	624,000
		<u>938,202</u>	<u>1,068,078</u>	<u>854,118</u>	<u>2,860,398</u>	<u>2,643,796</u>
<u>At 31 December 2023</u>						
<i>Financial liabilities</i>						
Trade and other payables	-	720,603	-	-	720,603	720,603
Amounts due to related parties						
- interest-free	-	249,742	-	-	249,742	249,742
Borrowings						
- fixed rate	5.81	303,755	1,139,617	1,137,131	2,580,503	2,316,792
- variable rate	5.11	129,218	5,738	182,750	317,706	296,000
		<u>1,403,318</u>	<u>1,244,478</u>	<u>1,319,881</u>	<u>3,868,554</u>	<u>3,583,137</u>

	Weighted average effective <u>interest rate</u> %	On demand and less than <u>3 months</u> RMB'000	3 months to <u>1 year</u> RMB'000	<u>1 - 5 years</u> RMB'000	Total undiscounted <u>cash flows</u> RMB'000	Carrying amount RMB'000
<u>At 31 December 2024</u>						
<i>Financial liabilities</i>						
Trade and other payables	-	490,423	-	-	490,423	490,423
Amounts due to related parties						
- interest-free	-	324,951	-	-	324,951	324,951
Borrowings						
- fixed rate	4.91	20,141	448,271	842,670	1,311,082	1,286,112
- variable rate	4.26	170,045	641,781	1,307,902	2,119,728	2,056,503
		<u>1,005,560</u>	<u>1,090,052</u>	<u>2,150,572</u>	<u>4,246,184</u>	<u>4,157,989</u>
<u>At 30 June 2025</u>						
<i>Financial liabilities</i>						
Trade and other payables	-	683,835	-	-	683,835	683,835
Amounts due to related parties						
- interest-free	-	432,365	-	-	432,365	432,365
Borrowings						
- fixed rate	4.77	51,257	898,978	837,992	1,788,227	1,731,805
- variable rate	4.48	338,438	994,026	1,580,121	2,912,585	2,835,249
		<u>1,505,895</u>	<u>1,893,004</u>	<u>2,418,113</u>	<u>5,817,012</u>	<u>5,683,254</u>

The amounts included above for variable-rate borrowings are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of each reporting period.

(c) Fair value measurements of financial instruments

The management considers that the carrying amounts of the financial assets and financial liabilities of the Target Company recorded at amortised cost in the Historical Financial Information at the end of each reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The tables below detail changes in the Target Company's liability arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Company's statements of cash flows as cash from financing activities:

	Amounts due to related parties (excluding trade amounts due to related parties) RMB'000 (note 26)	Bank and other borrowings RMB'000 (note 21)	Total RMB'000
At 1 January 2022	290,716	2,887,331	3,178,047
Financing cash flows	(197,346)	(758,431)	(955,777)
Interest expenses	8,116	116,098	124,214
At 31 December 2022	101,486	2,244,998	2,346,484
Financing cash flows	(28,490)	229,263	200,773
Interest expenses	20	138,531	138,551
At 31 December 2023	73,016	2,612,792	2,685,808
Financing cash flows	47,959	600,570	648,529
Interest expenses	-	129,253	129,253
At 31 December 2024	120,975	3,342,615	3,463,590
Financing cash flows	43,343	1,136,163	1,179,506
Interest expenses	-	88,276	88,276
At 30 June 2025	164,318	4,567,054	4,731,372
At 31 December 2023	73,016	2,612,792	2,685,808
Financing cash flows	18,898	343,189	362,087
Interest expenses	-	91,117	91,117
At 30 June 2024 (unaudited)	91,914	3,047,098	3,139,012

30. EVENTS AFTER THE RELEVANT PERIODS

Subsequent to 30 June 2025, no significant event took place.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Company have been prepared in respect of any period subsequent to 30 June 2025.