

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN HAN'S CNC TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Shenzhen Han's CNC Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-169, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 and the ten months ended October 31, 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and October 31, 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-169 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 January 2026 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the ten months ended October 31, 2024, and other explanatory

information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

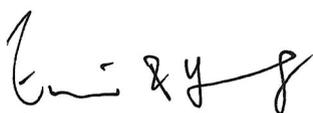
Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.



Certified Public Accountants

Hong Kong

29 January 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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	Notes	Ten months ended				
		Year ended December 31,			October 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
REVENUE	5	2,786,150	1,634,311	3,343,091	2,623,882	4,314,146
Cost of sales		(1,838,332)	(1,157,425)	(2,435,421)	(1,935,634)	(2,971,290)
Gross profit		947,818	476,886	907,670	688,248	1,342,856
Other income and gains, net	6	184,681	127,799	192,013	89,257	131,358
Selling and marketing expenses		(160,527)	(132,209)	(196,103)	(160,668)	(235,830)
Administrative expenses		(153,653)	(112,515)	(203,743)	(154,874)	(218,396)
Research and development expenses		(229,671)	(193,564)	(266,829)	(200,660)	(299,957)
Impairment losses on financial assets and contract assets under expected credit loss model ("ECL"), net		(22,780)	(17,397)	(23,355)	(29,575)	(26,209)
Other expenses	9	(3,977)	(10,621)	(83,175)	(5,457)	(96,009)
Finance costs	8	(16,976)	(6,638)	(10,061)	(9,088)	(13,470)
Impairment of an investment in an associate		(55,768)	—	—	—	—
Share of profits and losses of associates		(5,825)	5,685	13,166	4,901	5,573
PROFIT BEFORE TAX	7	483,322	137,426	329,583	222,084	589,916
Income tax expense	12	(51,310)	(1,758)	(30,001)	(10,109)	(70,997)
PROFIT FOR THE YEAR/PERIOD		<u>432,012</u>	<u>135,668</u>	<u>299,582</u>	<u>211,975</u>	<u>518,919</u>
Attributable to:						
Owners of the parent		434,687	135,546	301,180	212,262	523,089
Non-controlling interests		(2,675)	122	(1,598)	(287)	(4,170)
		<u>432,012</u>	<u>135,668</u>	<u>299,582</u>	<u>211,975</u>	<u>518,919</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (RMB per share)	14	1.05	0.32	0.72	0.51	1.24
Diluted (RMB per share)	14	1.05	0.32	0.71	0.50	1.22

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
PROFIT FOR THE YEAR/PERIOD	<u>432,012</u>	<u>135,668</u>	<u>299,582</u>	<u>211,975</u>	<u>518,919</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income/(loss) of associates	28	(14)	60	—	(40)
Exchange differences on translation of foreign operations	<u>1,391</u>	<u>235</u>	<u>343</u>	<u>(78)</u>	<u>(148)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX .	<u>1,419</u>	<u>221</u>	<u>403</u>	<u>(78)</u>	<u>(188)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>433,431</u>	<u>135,889</u>	<u>299,985</u>	<u>211,897</u>	<u>518,731</u>
Attributable to:					
Owners of the parent	436,106	135,767	301,583	212,184	522,901
Non-controlling interests	<u>(2,675)</u>	<u>122</u>	<u>(1,598)</u>	<u>(287)</u>	<u>(4,170)</u>
	<u>433,431</u>	<u>135,889</u>	<u>299,985</u>	<u>211,897</u>	<u>518,731</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at December 31,			As at
		2022	2023	2024	October 31,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	15	173,355	415,379	677,804	765,468
Investment properties	16	1,957	1,880	1,803	1,738
Right-of-use assets	17(a)	590,720	534,548	493,578	474,990
Goodwill	18	12,924	153,963	74,323	12,924
Other intangible assets	19	8,116	6,840	5,185	4,521
Investments in associates	20	39,892	42,308	51,310	54,293
Trade and bills receivables at amortised cost	22	118,624	60,913	170,002	513,566
Prepayments, other receivables and other assets	23	73,501	51,508	69,030	39,373
Deferred tax assets	34	58,112	67,085	49,967	89,338
Time deposits	26	—	—	400,000	417,114
Total non-current assets		<u>1,077,201</u>	<u>1,334,424</u>	<u>1,993,002</u>	<u>2,373,325</u>
CURRENT ASSETS					
Inventories	21	903,919	972,117	898,185	1,716,879
Trade and bills receivables	22	2,149,075	1,694,789	2,676,146	4,173,623
Contract assets	24	19,179	19,610	24,880	45,888
Prepayments, other receivables and other assets	23	15,899	39,406	54,820	112,085
Restricted cash	26	—	1,816	333	542
Cash and cash equivalents	26	<u>2,986,535</u>	<u>1,916,965</u>	<u>1,539,131</u>	<u>1,146,344</u>
Total current assets		<u>6,074,607</u>	<u>4,644,703</u>	<u>5,193,495</u>	<u>7,195,361</u>

	Notes	As at December 31,			At at
		2022	2023	2024	October 31,
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
CURRENT LIABILITIES					
Trade and bills payables . . .	27	671,476	592,018	1,275,637	2,244,899
Contract liabilities	28	25,955	65,754	54,895	61,423
Other payables and accruals	31	503,327	380,460	411,581	590,976
Liabilities from contingent consideration	33	—	68,683	8,523	—
Interest-bearing borrowings	32	17,174	75,744	2,426	645,895
Lease liabilities	17(b)	45,063	35,497	34,716	22,120
Income tax payable		37,357	5,724	9,250	80,630
Provision	30	16,671	11,727	15,570	19,154
Total current liabilities . . .		1,317,023	1,235,607	1,812,598	3,665,097
NET CURRENT ASSETS.		<u>4,757,584</u>	<u>3,409,096</u>	<u>3,380,897</u>	<u>3,530,264</u>
TOTAL ASSETS LESS					
CURRENT					
LIABILITIES		<u>5,834,785</u>	<u>4,743,520</u>	<u>5,373,899</u>	<u>5,903,589</u>
NON-CURRENT					
LIABILITIES					
Interest-bearing borrowings	32	—	—	211,050	179,960
Deferred income	29	3,453	2,282	1,769	1,173
Provision	30	13,419	2,619	6,841	20,754
Lease liabilities	17(b)	83,407	45,011	12,798	12,141
Deferred tax liabilities	34	3,794	5,063	5,064	5,269
Total non-current liabilities		104,073	54,975	237,522	219,297
Net assets		<u>5,730,712</u>	<u>4,688,545</u>	<u>5,136,377</u>	<u>5,684,292</u>
EQUITY					
Equity attributable to					
owners of the parent					
Share capital	35	420,000	420,000	420,000	425,509
Reserves	37	5,307,867	4,257,493	4,706,923	5,242,966
		5,727,867	4,677,493	5,126,923	5,668,475
Non-controlling interests . .		2,845	11,052	9,454	15,817
Total equity		<u>5,730,712</u>	<u>4,688,545</u>	<u>5,136,377</u>	<u>5,684,292</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2022

	Attributable to owners of the parent									
	Share capital	Share premium	Share-based		Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
			payment reserve	Other reserve						
RMB'000 (note 35)	RMB'000 (note 37(a))	RMB'000 (note 37(b))	RMB'000 (note 37(c))	RMB'000 (note 37(d))	RMB'000 (note 37(e))	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2022	378,000	1,012,586	24,991	3,052	(894)	100,111	870,390	2,388,236	5,526	2,393,762
Profit for the year	—	—	—	—	—	—	434,687	434,687	(2,675)	432,012
Other comprehensive income for the year:										
Share of other comprehensive income of associates	—	—	—	—	28	—	—	28	—	28
Exchange differences on translation of foreign operations	—	—	—	—	1,391	—	—	1,391	—	1,391
Total comprehensive income for the year	—	—	—	—	1,419	—	434,687	436,106	(2,675)	433,431
Dividends declared	—	—	—	—	—	—	(168,000)	(168,000)	—	(168,000)
Issue of shares	42,000	3,039,779	—	—	—	—	—	3,081,779	—	3,081,779
Transfer of share option reserve upon the forfeiture or expiry of share options	—	14,737	(14,737)	—	—	—	—	—	—	—
Share-based payment compensation.	—	—	(10,254)	—	—	—	—	(10,254)	(6)	(10,260)
Transfer from retained profits	—	—	—	—	—	45,745	(45,745)	—	—	—
At December 31, 2022	<u>420,000</u>	<u>4,067,102*</u>	<u>—*</u>	<u>3,052*</u>	<u>525*</u>	<u>145,856*</u>	<u>1,091,332*</u>	<u>5,727,867</u>	<u>2,845</u>	<u>5,730,712</u>

Year ended December 31, 2023

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium	Share-based payment reserve	Other reserve	Translation reserve	Statutory reserve	Retained profits	Total		
	RMB'000 (note 35)	RMB'000 (note 37(a))	RMB'000 (note 37(b))	RMB'000 (note 37(c))	RMB'000 (note 37(d))	RMB'000 (note 37(e))	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	420,000	4,067,102	—	3,052	525	145,856	1,091,332	5,727,867	2,845	5,730,712
Profit for the year	—	—	—	—	—	—	135,546	135,546	122	135,668
Other comprehensive income for the year:										
Share of other comprehensive loss of associates	—	—	—	—	(14)	—	—	(14)	—	(14)
Exchange differences on translation of foreign operations	—	—	—	—	235	—	—	235	—	235
Total comprehensive income for the year	—	—	—	—	221	—	135,546	135,767	122	135,889
Acquisition of non-controlling interests	—	—	—	(1,877)	—	—	—	(1,877)	(1,676)	(3,553)
Non-controlling interests arising from business combination (note 39).	—	—	—	—	—	—	—	—	9,761	9,761
Dividends declared	—	—	—	—	—	—	(1,197,000)	(1,197,000)	—	(1,197,000)
Share-based payment compensation.	—	—	12,736	—	—	—	—	12,736	—	12,736
Transfer from retained profits	—	—	—	—	—	28,444	(28,444)	—	—	—
At December 31, 2023	<u>420,000</u>	<u>4,067,102*</u>	<u>12,736*</u>	<u>1,175*</u>	<u>746*</u>	<u>174,300*</u>	<u>1,434*</u>	<u>4,677,493</u>	<u>11,052</u>	<u>4,688,545</u>

Year ended December 31, 2024

	Attributable to owners of the parent									
	Share capital	Share premium	Share-based payment reserve	Other reserve	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 35)	RMB'000 (note 37(a))	RMB'000 (note 37(b))	RMB'000 (note 37(c))	RMB'000 (note 37(d))	RMB'000 (note 37(e))	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	420,000	4,067,102	12,736	1,175	746	174,300	1,434	4,677,493	11,052	4,688,545
Profit for the year	—	—	—	—	—	—	301,180	301,180	(1,598)	299,582
Other comprehensive income for the year:										
Share of other comprehensive income of associates	—	—	—	—	60	—	—	60	—	60
Exchange differences on translation of foreign operations	—	—	—	—	343	—	—	343	—	343
Total comprehensive income for the year	—	—	—	—	403	—	301,180	301,583	(1,598)	299,985
Changes due to passive dilution of investment in an associate	—	—	—	(4,224)	—	—	—	(4,224)	—	(4,224)
Share-based payment compensation	—	—	152,071	—	—	—	—	152,071	—	152,071
Transfer from retained profits	—	—	—	—	—	29,452	(29,452)	—	—	—
At December 31, 2024	<u>420,000</u>	<u>4,067,102*</u>	<u>164,807*</u>	<u>(3,049)*</u>	<u>1,149*</u>	<u>203,752*</u>	<u>273,162*</u>	<u>5,126,923</u>	<u>9,454</u>	<u>5,136,377</u>

Ten months ended October 31, 2024

	Attributable to owners of the parent							Non-		
	Share capital	Share premium	Share-based payment reserve	Other reserve	Translation reserve	Statutory reserve	Retained profits	Total	controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 35)	(note 37(a))	(note 37(b))	(note 37(c))	(note 37(d))	(note 37(e))				
At January 1, 2024	420,000	4,067,102	12,736	1,175	746	174,300	1,434	4,677,493	11,052	4,688,545
Profit for the period (unaudited).	—	—	—	—	—	—	212,262	212,262	(287)	211,975
Other comprehensive income for the period: (unaudited). . .										
Exchange differences on translation of foreign operations (unaudited) . . .	—	—	—	—	(78)	—	—	(78)	—	(78)
Total comprehensive income for the period (unaudited) . . .	—	—	—	—	(78)	—	212,262	212,184	(287)	211,897
Share-based payment compensation (unaudited) . . .	—	—	127,357	—	—	—	—	127,357	—	127,357
At October 31, 2024 (unaudited)	<u>420,000</u>	<u>4,067,102</u>	<u>140,093</u>	<u>1,175</u>	<u>668</u>	<u>174,300</u>	<u>213,696</u>	<u>5,017,034</u>	<u>10,765</u>	<u>5,027,799</u>

Ten months ended October 31, 2025

	Attributable to owners of the parent									
	Share capital	Share-based			Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling	
		premium	payment reserve	Other reserve					interests	Total equity
RMB'000 (note 35)	RMB'000 (note 37(a))	RMB'000 (note 37(b))	RMB'000 (note 37(c))	RMB'000 (note 37(d))	RMB'000 (note 37(e))	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2025	420,000	4,067,102	164,807	(3,049)	1,149	203,752	273,162	5,126,923	9,454	5,136,377
Profit for the period	—	—	—	—	—	—	523,089	523,089	(4,170)	518,919
Other comprehensive loss for the period:										
Share of other comprehensive loss of associates	—	—	—	—	(40)	—	—	(40)	—	(40)
Exchange differences on translation of foreign operations	—	—	—	—	(148)	—	—	(148)	—	(148)
Total comprehensive income for the period	—	—	—	—	(188)	—	523,089	522,901	(4,170)	518,731
Capital injection by non-controlling interests	—	—	—	—	—	—	—	—	10,533	10,533
Dividends declared	—	—	—	—	—	—	(168,000)	(168,000)	—	(168,000)
Exercise of share options	5,509	198,490	(99,440)	—	—	—	—	104,559	—	104,559
Share-based payment compensation	—	—	82,092	—	—	—	—	82,092	—	82,092
At October 31, 2025	<u>425,509</u>	<u>4,265,592*</u>	<u>147,459*</u>	<u>(3,049)*</u>	<u>961*</u>	<u>203,752*</u>	<u>628,251*</u>	<u>5,668,475</u>	<u>15,817</u>	<u>5,684,292</u>

* These reserve accounts comprise total reserve of RMB5,307,867,000, RMB4,257,493,000, RMB4,706,923,000 and RMB5,242,966,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and October 31, 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Ten months ended				
		Year ended December 31,			October 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
CASH FLOWS FROM OPERATING						
ACTIVITIES						
Profit before tax		483,322	137,426	329,583	222,084	589,916
Adjustment for:						
Finance costs	8	16,976	6,638	10,061	9,088	13,470
Share of profits and losses of associates . . .		5,825	(5,685)	(13,166)	(4,901)	(5,573)
Bank interest income	6	(40,719)	(40,832)	(20,699)	(17,017)	(33,312)
(Gains)/losses on disposal of property, plant and equipment, right-of-use assets and other non-current asset	6	(775)	(207)	84	261	303
Fair value gains on liabilities from contingent consideration	6	—	—	(60,160)	—	(8,523)
Depreciation of property, plant and equipment	7	25,440	28,240	29,330	23,837	35,267
Depreciation of right-of-use assets	7	51,907	50,572	44,239	36,425	35,724
Amortisation of intangible assets	7	2,083	2,407	2,612	2,138	2,228
Depreciation of investment properties	7	77	77	77	65	65
Write-down of inventories to net realisable value	7	23,280	47,409	25,490	20,352	31,259
Impairment loss recognised on financial assets and contract assets under ECL model, net.	7	22,780	17,397	23,355	29,575	26,209
Gain on remeasurement of pre-existing interest in an associate	6	—	(15,360)	—	—	—
Gains on derecognition of financial liabilities measured at amortised cost . . .	6	(639)	(500)	(930)	(540)	(21)
Impairment of goodwill	7	—	—	79,640	—	61,399
Impairment of an investment in an associate.	7	55,768	—	—	—	—
Share-based payment compensation.	36	(10,260)	12,736	152,071	127,357	82,092
Foreign exchange differences, net.		(1,753)	7,053	2,345	4,610	24,586

	Year ended December 31,			Ten months ended	
				October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Operating profit before working capital changes . . .	633,312	247,371	603,932	453,334	855,089
Derease/(increase) in inventories	271,075	(116,061)	11,518	(113,548)	(860,941)
(Increase)/decrease in trade and bills receivables . . .	(184,448)	119,035	(1,813,724)	(1,548,215)	(2,774,793)
Derease/(increase) in contract assets	17,054	(168)	(5,387)	(5,747)	(21,343)
Derease/(increase) in prepayments, other receivables and other assets	55,241	(25,477)	(40,125)	(13,092)	(15,940)
(Increase)/decrease in restricted cash	—	(1,816)	1,483	(3,836)	(209)
Increase in trade and bills payables	216,978	309,663	1,361,730	1,107,026	1,771,643
(Decrease)/increase in other payables and accruals . .	(227,502)	(135,476)	25,418	(43,981)	293,675
(Decrease)/increase in contract liabilities	(35,615)	39,799	(10,859)	26,896	6,528
Decrease in deferred income	(1,010)	(1,171)	(513)	(564)	(596)
(Decrease)/increase in provision	(5,470)	(15,744)	8,065	8,627	17,497
Cash generated from/(used in) operations	739,615	419,955	141,538	(133,100)	(729,390)
Interests received	40,719	40,832	20,699	17,017	13,821
Income tax paid	(124,980)	(44,013)	(7,251)	(7,248)	(38,787)
Net cash flows from/(used in) operating activities . .	655,354	416,774	154,986	(123,331)	(754,356)

	Notes	Ten months ended				
		Year ended December 31,			October 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment, other intangible assets and other non-current assets . . .		(143,825)	(242,422)	(224,111)	(195,221)	(114,211)
Proceeds from disposal of items of property, plant and equipment, and other non-current asset		62	570	144	93	78
Addition of investment in an associate		(2,000)	—	—	—	—
Dividend received from an associate		—	—	—	—	2,550
Acquisition of a subsidiary	39	—	(69,086)	—	—	—
Increase in time deposits		—	—	(400,000)	(400,000)	—
Net cash flows used in investing activities		(145,763)	(310,938)	(623,967)	(595,128)	(111,583)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares	35	3,093,327	—	—	—	—
Proceeds from exercising share options		—	—	—	—	104,564
Proceeds from capital injection by non-controlling interests		—	—	—	—	10,533
Share issue expenses		(15,375)	—	—	—	—
Listing expense paid		—	—	—	—	(12,883)
Proceeds of borrowings from banks		277,875	75,739	867,063	485,530	1,610,791
Repayment of borrowings from banks		(871,501)	—	(728,845)	(510,153)	(1,024,724)
Interest paid		(8,908)	(382)	(3,676)	(3,458)	(8,852)
Lease payment and payment for lease related deposits		(50,864)	(49,650)	(40,756)	(34,949)	(37,584)
Acquisition of non-controlling interests		—	(3,553)	—	—	—
Dividends paid		(168,000)	(1,197,000)	—	—	(168,000)
Net cash flows from/(used in) financing activities		2,256,554	(1,174,846)	93,786	(63,030)	473,845

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>2,766,145</u>	<u>(1,069,010)</u>	<u>(375,195)</u>	<u>(781,489)</u>	<u>(392,094)</u>
Cash and cash equivalents at beginning of year/period.	219,259	2,986,535	1,916,965	1,916,965	1,539,131
Effect of foreign exchange rate changes, net . .	<u>1,131</u>	<u>(560)</u>	<u>(2,639)</u>	<u>(2,074)</u>	<u>(693)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>2,986,535</u></u>	<u><u>1,916,965</u></u>	<u><u>1,539,131</u></u>	<u><u>1,133,402</u></u>	<u><u>1,146,344</u></u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at December 31,			As at
		2022	2023	2024	October 31,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2025</i>
				<i>RMB'000</i>	
NON-CURRENT ASSETS					
Property, plant and equipment . .	15	80,300	64,578	89,583	95,571
Right-of-use assets	17(a)	94,592	51,644	28,506	15,225
Other intangible assets	19	6,046	5,303	4,171	3,843
Investment in subsidiaries	25	571,018	883,746	929,356	847,275
Investments in associates	20	2,705	—	—	—
Trade and bills receivables	22	117,130	39,738	91,782	398,257
Prepayments, other receivables and other assets	23	41,200	31,580	30,560	15,797
Deferred tax assets	34	51,311	55,348	37,370	74,264
Time deposits	26	—	—	400,000	417,114
Total non-current assets		<u>964,302</u>	<u>1,131,937</u>	<u>1,611,328</u>	<u>1,867,346</u>
CURRENT ASSETS					
Inventories	21	755,068	659,604	580,436	1,026,397
Trade and bills receivables	22	1,889,136	1,403,703	2,251,280	3,607,265
Contract assets	24	14,758	14,971	18,216	34,963
Prepayments, other receivables and other assets	23	287,128	663,530	974,186	1,098,049
Restricted cash	26	—	1,816	330	542
Cash and cash equivalents	26	<u>2,893,102</u>	<u>1,812,165</u>	<u>1,289,700</u>	<u>1,050,104</u>
Total current assets		<u>5,839,192</u>	<u>4,555,789</u>	<u>5,114,148</u>	<u>6,817,320</u>

	Notes	As at December 31,			As at
		2022	2023	2024	October 31,
		RMB'000	RMB'000	RMB'000	2025
CURRENT LIABILITIES					
Trade and bills payables	27	596,973	466,069	1,023,167	1,817,210
Contract liabilities	28	14,876	31,532	30,247	42,601
Other payables and accruals	31	380,511	246,546	218,718	330,431
Liabilities from contingent consideration	33	—	68,683	8,523	—
Interest-bearing borrowings	32	17,174	75,744	2,426	645,295
Lease liabilities	17(b)	35,922	24,486	23,833	13,162
Income tax payable		34,048	—	2,566	62,726
Provision	30	16,446	11,422	15,053	18,638
Total current liabilities		1,095,950	924,482	1,324,533	2,930,063
NET CURRENT ASSETS		4,743,242	3,631,307	3,789,615	3,887,257
TOTAL ASSETS LESS					
CURRENT LIABILITIES		5,707,544	4,763,244	5,400,943	5,754,603
NON-CURRENT LIABILITIES					
Interest-bearing borrowings	32	—	—	211,050	179,960
Deferred income	29	2,713	1,662	1,105	641
Provision	30	13,419	2,619	6,599	20,058
Lease liabilities	17(b)	62,777	30,933	7,564	3,288
Deferred tax liabilities		783	—	—	—
Total non-current liabilities		79,692	35,214	226,318	203,947
Net assets		5,627,852	4,728,030	5,174,625	5,550,656
EQUITY					
Equity attributable to owners of the parent					
Share capital	35	420,000	420,000	420,000	425,509
Reserves	37	5,207,852	4,308,030	4,754,625	5,125,147
Total equity		5,627,852	4,728,030	5,174,625	5,550,656

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is incorporated in the People's Republic of China ("PRC") and was converted into a joint stock company on November 11, 2020. The registered office of the Company is located at Han's Laser Global Intelligent Manufacturing Center, Baoan District, Shenzhen, Guangdong province, China. The Company's A shares are listed on Shenzhen Stock Exchange on February 28, 2022.

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During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") were involved in the research, manufacturing and trading of production equipment of printed circuit board ("PCB").

The immediate holding company of the Company is Han's Laser Technology Industry Group Co., Ltd. ("Han's Laser") a listed company on Shenzhen Stock Exchange, the ultimate holding company of the Company is Dazhu Holdings Group Co., Ltd., and the ultimate controlling person of the Company is Mr. Gao Yunfeng.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Han's CNC Technology (Xinfeng) Co., Ltd.* (note (ii)) 大族數控科技 (信豐)有限公司	PRC/ Chinese mainland November 15, 2022	RMB140,000,000	100%	—	Manufacturing and trading of PCB equipment
Asia Foundation (Shenzhen) Wood Industry Co., Ltd.* (note (iv)) 亞洲創建(深圳) 木業有限公司	PRC/ Chinese mainland January 14, 2000	RMB82,884,000	100%	—	Park operation

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Han's Machinery Co., Ltd.* (note (v)) 上海大族機械有限公司 . . .	PRC/ Chinese mainland February 8, 2023	RMB50,000,000	100%	—	Research, manufacturing and trading of PCB equipment
Shenzhen Han's Microelectronics Technology Co., Ltd.* (notes (i) and (x)) ("Han's Microelectronics") 深圳市大族微電子科技 有限公司.	PRC/ Chinese mainland June 7, 2021	RMB50,000,000	70%	—	Research, manufacturing and trading of PCB equipment
Shenzhen Mason Electronics Co., Ltd.* (note (iii)) 深圳麥遜電子有限公司 . . .	PRC/ Chinese mainland November 17, 1999	RMB25,800,000	100%	—	Research, manufacturing and trading of PCB equipment
Shenzhen Han's Rayleigh Taide Precision Coating Co., Ltd.* ("Rayleigh Taide") (note (vi)) 深圳市大族瑞利泰德精密 塗層有限公司.	PRC/ Chinese mainland August 1, 2022	RMB20,000,000	70%	—	Research, manufacturing and trading
Advanced Intelligent Machine Co., Ltd.* (notes (iv) and (vii)) 深圳市升宇智能科技有限 公司	PRC/ Chinese mainland January 17, 2014	RMB10,000,000	100%	—	Research, manufacturing and trading of PCB equipment

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Mason Electronics (Xinfeng) Co., Ltd.* (note (xi)) 麥遜電子(信豐)有限公司 . . .	PRC/ Chinese mainland November 15, 2022	RMB5,000,000	—	100%	Manufacturing and trading of PCB equipment
Suzhou MASON Electronics Testing Co., Ltd.* (note (i)) 蘇州明信電子測試有限 公司	PRC/ Chinese mainland September 25, 2007	RMB500,000	—	100%	Provision of processing services
Han's Mason Electronics (HK) Co., Ltd. (note (ix)) .	Hong Kong October 14, 2008	HK\$10,000	—	100%	Trading of PCB equipment
Hong Kong Mason Electronics Co., Ltd. (note (ix))	Hong Kong June 4, 2021	HK\$200,000	—	100%	Trading of PCB equipment
HANS CNC TECHNOLOGY (THAILAND) CO., LTD. (note (i)).	Thailand June 12, 2024	Thai Bhat ("THB") 15,000,000	—	99%	After-sales service
HANS CNC SINGAPORE PTE. LTD. (note (i))	Singapore November 6, 2024	Singapore dollar ("SGD") 100,000	100%	—	Research, manufacturing and trading of PCB equipment

Notes:

- * The English names of the above company registered in the PRC represents the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.
- (i) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended December 31, 2022, 2023 and 2024 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

- (ii) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared under China Accounting Standards for Business Enterprises (“CAS”) were audited by RSM China (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (iii) The statutory financial statements of this entity for the years ended December 31, 2022 prepared under CAS were audited by Shenzhen Tongde Certified Public Accountants (General Partnership) (深圳同德會計師事務所(普通合夥)), certified public accountants registered in the PRC. The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared under CAS were audited by RSM China (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (iv) The statutory financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 prepared under CAS were audited by Shenzhen Tongde Certified Public Accountants (General Partnership) (深圳同德會計師事務所(普通合夥)), certified public accountants registered in the PRC.
- (v) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared under CAS were audited by Shenzhen Tongde Certified Public Accountants (General Partnership) (深圳同德會計師事務所(普通合夥)), certified public accountants registered in the PRC.
- (vi) Prior to the acquisition of 60% interest in Rayleigh Taide by the Group on May 30, 2023, Rayleigh Taide was an associate of the Group. The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared under CAS were audited by Shenzhen Tongde Certified Public Accountants (General Partnership) (深圳同德會計師事務所(普通合夥)), certified public accountants registered in the PRC.
- (vii) The entity was a 70%-owned subsidiary of the Group as at December 31, 2022. The Group acquired the remaining 30% interests during the year ended December 31, 2023 and the entity became a wholly-owned subsidiary as at December 31, 2023 and 2024 and October 31, 2025.
- (viii) Dongguan Han’s CNC Technology Co., Ltd. 大族數控科技(東莞市)有限公司 was deregistered during the year ended December 31, 2024. As at the date of this report, no audited financial statements have been prepared for this entity for the years ended December 31, 2022 and 2023 as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.
- (ix) The statutory financial statements of these entities for the years ended December 31, 2022, 2023 and 2024 prepared under HKFRS Accounting Standards were audited by New Choice C.P.A. & Co. registered in Hong Kong.
- (x) The entity was a wholly-owned subsidiary of the Group as at December 31, 2022, 2023 and 2024. The interest of the equity was reduced to 70% in 2025 due to the issue of shares to certain non-controlling interest shareholders.
- (xi) The statutory financial statements of this entity for the year ended December 31, 2024 prepared under CAS were audited by Shenzhen Tongde Certified Public Accountants (General Partnership) (深圳同德會計師事務所(普通合夥)), certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as approved by the International Accounting Standards Board (“IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025 together with the relevant transitional

provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain portion of trade and bills receivable and financial liabilities at fair value through profit or loss which has been measured at fair value.

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

Notes

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

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

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards except for IFRS 18, may result in changes in accounting

policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former

owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

Property, plant and equipment and depreciation

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

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

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

Buildings	2.4%
Machinery	9.6% to 19.2%
Motor vehicles	19.2%
Electronic equipment	19.2%
Other equipment	19.2%
Leasehold improvements	Over the shorter of the lease terms and 5 years (20%)

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

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

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any impairment losses and are amortised to its residual value on the straight-line basis over their estimated useful lives of 40 years.

Intangible assets (other than goodwill)

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Categories	Estimated useful lives
Software	3-10 years
Patents	3-10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Land use rights	50 years
Buildings	2 to 10 years

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

(b) Lease liabilities

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

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

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

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

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

Group as a lessor

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank borrowings and financial liabilities at fair value through profit or loss.

The Group classifies financial liabilities that arise from a supplier finance arrangement within interest-bearing borrowings in the statement of financial position because based on the Group's assessment, The supplier finance arrangement is not part of the working capital used in the Group's normal operating cycle, the terms of the liabilities that are part of the supply chain finance arrangement are substantially different from the terms of trade and bills payables that are not part of the arrangement. The assessment has considered factors such as the commercial purpose, the nature and specific terms of the arrangement, as well as the credit terms in place with the financial institutions and suppliers. Therefore, cash flows related to liabilities arising from supplier finance arrangements that are classified in interest-bearing borrowings in the statement of financial position are included in financing activities in the statement of cash flows.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals and interest-bearing bank borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Provisions

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

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

The Group provides for warranties in relation to the sale of certain industrial products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

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

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

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

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

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

Government grants

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

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

Revenue recognition***Revenue from contracts with customers***

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

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

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

(a) Sale of industrial products

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which for domestic sales are generally at the time of the completion of installation and commissioning of the goods or generally on delivery of the goods as agreed in the sales contracts, and for overseas sales are generally at the time of shipment in accordance with Incoterms.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

(b) Provision of after-sales and processing services

The Group provides after-sales services to customers, including repair and maintenance. Revenue from after-sales services is recognised on a straight-line basis over the contract period. The Group also provides processing services. Revenue from processing services is recognised when the services are rendered.

Revenue from other sources***Rental income***

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

Other income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to

impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a Share-based payments scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 36 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

AD1A33(4)(a)

Pension scheme

The employees of the Company and Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

AD1A33(4)(b)

Housing fund and other social insurances — Chinese mainland

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

Borrowing costs

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Development expenses

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

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

Inventory provision determined on net realisable value

According to the inventory accounting policy, the Group measures the inventory at the lower of cost and net realisable value, and makes inventory provision for the obsolete inventory, slow-moving inventory and the inventory of which the cost is higher than their net realisable value. At the end of each of the Relevant Periods, the Group reviews whether individual inventory items are obsolete or stagnant and whether their net realisable value is lower than their cost. The impairment of inventory is based on the assessment of the inventory's merchantability and its net realisable value. Identification of inventory impairment requires management to make judgements and estimates based on solid evidence and factors such as the purpose of holding the inventory and the impact of events after the end of each of the Relevant Periods. The difference between the actual result and the original estimate will affect the carrying amount of inventories and the accrual or reversal of inventory provision during the period in which the estimate is changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at December 31, 2022, 2023 and 2024 and October 31, 2025 were RMB12,924,000, RMB153,963,000, RMB74,323,000 and RMB12,924,000, respectively. Further details are given in note 18.

Provision for expected credit losses on trade receivables and contract assets

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 22 and note 24 to the Historical Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the

lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., research, manufacturing and trading of manufacturing equipment of printed circuit board. Management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and preformation assessment. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Chinese mainland	2,729,482	1,538,264	2,965,452	2,308,510	3,750,145
Other countries/region .	36,390	84,905	361,920	301,597	552,311
	<u>2,765,872</u>	<u>1,623,169</u>	<u>3,327,372</u>	<u>2,610,107</u>	<u>4,302,456</u>

(b) Non-current assets

The geographical information of non-current assets is not presented as more than 90% of the non-current assets of the Group are located in Chinese mainland.

Information about major customers

Revenue from the major customers which amounted to 10% or more of the Group's revenue is set out below:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Customer A	352,016	N/A*	N/A*	N/A*	N/A*
Customer B	300,770	N/A*	N/A*	N/A*	N/A*
Customer C	N/A*	N/A*	N/A*	N/A*	851,306

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE

An analysis of revenue is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
<i>Revenue from contracts</i>					
<i>with customers</i>	2,765,872	1,623,169	3,327,372	2,610,107	4,302,456
<i>Revenue from other</i>					
<i>sources</i>					
Rental income	20,278	11,142	15,719	13,775	11,690
Total	<u>2,786,150</u>	<u>1,634,311</u>	<u>3,343,091</u>	<u>2,623,882</u>	<u>4,314,146</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Types of goods or services					
Drilling equipment	1,666,776	818,051	2,100,645	1,619,065	3,095,604
Photolithography equipment	403,646	189,155	340,306	288,061	247,547
Testing equipment	284,312	197,561	274,139	219,857	383,632
Formation equipment	214,864	152,323	254,138	200,959	237,581
Attachment equipment	23,603	54,778	81,940	64,796	95,437
Lamination equipment	—	—	9,804	4,760	—
Others	172,671	211,301	266,400	212,609	242,655
Total	2,765,872	1,623,169	3,327,372	2,610,107	4,302,456
Timing of revenue recognition					
Goods transferred at a point in time	2,683,744	1,531,567	3,204,618	2,511,739	4,172,927
Services transferred over time	82,128	91,602	122,754	98,368	129,529
Total	2,765,872	1,623,169	3,327,372	2,610,107	4,302,456

The following table shows the amounts of revenue recognised in the Relevant Periods and the ten months ended October 31, 2024 that were included in the contract liabilities at the beginning of the reporting period:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	61,100	25,955	65,754	42,813 (unaudited)	38,962

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and completion of installation and customer acceptance.

Maintenance services

The performance obligation is satisfied over time as services are rendered and payment is generally due by installments upon completion of maintenance and customer acceptance, except for certain customers, where payment in advance is normally required.

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The Group elected to apply the practical expedient for not to disclose the remaining performance obligations. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net, is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other income					
Government grants*	139,883	64,471	60,043	47,661	50,680
Bank interest income	40,719	40,832	20,699	17,017	33,312
Additional VAT deduction**	—	5,310	48,308	22,910	37,804
Total other income	<u>180,602</u>	<u>110,613</u>	<u>129,050</u>	<u>87,588</u>	<u>121,796</u>
Other gains, net					
Foreign exchange differences, net . .	1,753	—	—	—	—
Gains/(losses) on disposal of property, plant and equipment, right-of-use assets and other non-current asset.	775	207	(84)	(261)	(303)
Fair value gains on contingent consideration	—	—	60,160	—	8,523
Gain on remeasurement of pre-existing interest in an associate (note 39)	—	15,360	—	—	—
Gains on derecognition of financial liabilities measured at amortised cost.	639	500	930	540	21
Others	<u>912</u>	<u>1,119</u>	<u>1,957</u>	<u>1,390</u>	<u>1,321</u>
Total other gains	<u>4,079</u>	<u>17,186</u>	<u>62,963</u>	<u>1,669</u>	<u>9,562</u>
Total other income and gains, net. . .	<u><u>184,681</u></u>	<u><u>127,799</u></u>	<u><u>192,013</u></u>	<u><u>89,257</u></u>	<u><u>131,358</u></u>

* Government grants related to income that is received or receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period upon actual receipt and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

** According to the regulations of Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% or 15% deduction calculated based on the input value-added tax (“VAT”) from the VAT payable since January 1, 2023. The amount of additional deduction was recognised in profit or loss when the entities declared and enjoyed the preferential tax treatment.

7. PROFIT BEFORE TAX

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

	Notes	Year ended December 31,			Ten months ended October 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold		1,790,716	1,075,587	2,361,863	1,875,395	2,867,301
Cost of services provided		24,336	34,429	48,068	39,887	72,730
Depreciation of investment properties	16	77	77	77	65	65
Depreciation of property, plant and equipment*	15	25,440	28,240	29,330	23,837	35,267
Depreciation of right-of-use assets*	17(a)	51,907	50,572	44,239	36,425	35,724
Amortisation of other intangible assets*	19	2,083	2,407	2,612	2,138	2,228
Research and development costs.		229,671	193,564	266,829	200,660	299,957
Impairment of goodwill#	18	—	—	79,640	—	61,399
Expense relating to short-term leases and leases of low-value assets	17(c)	20,517	15,585	18,075	15,724	23,428
Auditor's remuneration		600	600	700	143	817
Listing expense		—	—	—	—	1,143
Employee benefit expense (excluding directors' and supervisors' remuneration (note 10)):						
Wages and salaries		439,605	305,949	402,476	311,953	512,524
Pension scheme contributions .		28,943	30,554	37,178	29,564	42,460
Equity-settled share based payment expense		(8,177)	9,552	113,863	95,519	61,197
Foreign exchange differences, net		(1,753)	7,053	2,345	4,610	34,092
Impairment of an investment in an associate		55,768	—	—	—	—
Impairment of financial and contract assets:						
Impairment of trade and bills receivables		22,634	16,282	22,243	28,194	23,755
(Reversal of)/provision for impairment of contract assets		(477)	(263)	153	505	335
Impairment of financial assets included in prepayments, other receivables and other assets		623	1,378	959	876	2,119
		<u>22,780</u>	<u>17,397</u>	<u>23,355</u>	<u>29,575</u>	<u>26,209</u>

<i>Notes</i>	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Write-down of inventories to net realisable value.	23,280	47,409	25,490	20,352	31,259
Product warranty provision	26,998	13,082	33,553	30,833	31,401
Gains on derecognition of financial liabilities measured at amortised cost.	(639)	(500)	(930)	(540)	(21)
Bank interest income	(40,719)	(40,832)	(20,699)	(17,017)	(33,312)
(Gains)/losses on disposal of property, plant and equipment, right-of-use assets and other non-current asset.	(775)	(207)	84	261	303

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets for the Relevant Periods and the ten months ended October 31, 2024 are included in “Cost of sales”, “Administrative expenses”, “Selling and marketing expenses” and “Research and development expenses” in the consolidated statements of profit or loss.

The impairment of goodwill included in “Other expenses” in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Interest on loans.	8,367	382	3,882	3,618	8,501
Interest expense on discounted bills.	2,199	1,467	3,138	2,964	3,436
Interest on lease liabilities	6,410	4,789	3,041	2,506	1,533
Total	16,976	6,638	10,061	9,088	13,470

9. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Foreign exchange					
differences, net	—	7,053	2,345	4,610	34,092
Donations	3,000	—	55	50	—
Impairment of					
goodwill	—	—	79,640	—	61,399
Compensation	191	2,665	134	134	279
Others	786	903	1,001	663	239
Total	<u>3,977</u>	<u>10,621</u>	<u>83,175</u>	<u>5,457</u>	<u>96,009</u>

10. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods and the ten months ended October 31, 2024 is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	360	360	350	290	300
Other emoluments:					
Salaries, allowances					
and benefits in					
kind	1,526	2,168	2,301	1,749	2,077
Performance related					
bonuses	990	81	555	—	—
Share-based payment					
compensation	(2,083)	3,184	38,208	31,840	20,895
Pension scheme					
contributions	149	153	153	127	139
Total	<u>942</u>	<u>5,946</u>	<u>41,567</u>	<u>34,006</u>	<u>23,411</u>

AD1A33(3)(a)
AD1A33(3)(b)
AD1A33(3)(c)

During the Relevant Periods and the ten months ended October 31, 2024, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the current year is included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the ten months ended October 31, 2024 were as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Mr. Qiu Yunliang	120	120	120	100	100
Ms. Wu Yanni (i)	120	120	—	—	—
Mr. Chen Changsheng (iii)	120	120	40	40	—
Ms. Li Weiwei (ii)	—	—	110	90	100
Mr. Xin Guosheng (iv)	—	—	80	60	100
Total	<u>360</u>	<u>360</u>	<u>350</u>	<u>290</u>	<u>300</u>

- (i) Ms. Wu Yanni resigned as an independent non-executive director of the Company on February 2, 2024. Ms. Wu Yanni has waived the remuneration of director for January 2024.
- (ii) Ms. Li Weiwei was appointed as an independent non-executive director of the Company with effect from February 2, 2024.
- (iii) Mr. Chen Changsheng resigned as an independent non-executive director of the Company on May 6, 2024.
- (iv) Mr. Xin Guosheng was appointed as an independent non-executive director of the Company with effect from May 6, 2024.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the ten months ended October 31, 2024.

(b) Executive directors and supervisors

Year ended December 31, 2022

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors						
Mr. Yang Chaohui (i)	—	1,147	900	(2,001)	96	142
Non-executive directors						
Mr. Zhang Jianqun (ii)	—	—	—	—	—	—
Mr. Zhou Huiqiang (iii)	—	—	—	—	—	—
Mr. Du Yonggang (iv)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Supervisors						
Mr. Hu Zhixiong (v)	—	—	—	—	—	—
Mr. Hu Zhiyi (vi)	—	—	—	—	—	—
Ms. Huang Linting (vii)	—	379	90	(82)	53	440
Subtotal	—	379	90	(82)	53	440
Total	—	1,526	990	(2,083)	149	582

Year ended December 31, 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors						
Mr. Yang Chaohui (i)	—	1,790	—	3,184	101	5,075
Non-executive directors						
Mr. Zhang Jianqun (ii).	—	—	—	—	—	—
Mr. Zhou Huiqiang (iii)	—	—	—	—	—	—
Mr. Du Yonggang (iv)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Supervisors						
Mr. Hu Zhixiong (v)	—	—	—	—	—	—
Mr. Hu Zhiyi (vi)	—	—	—	—	—	—
Ms. Huang Linting (vii)	—	378	81	—	52	511
Mr. Liu Tao (viii)	—	—	—	—	—	—
Subtotal	—	378	81	—	52	511
Total	—	2,168	81	3,184	153	5,586

Year ended December 31, 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors						
Mr. Yang Chaohui (i)	—	1,903	411	38,208	101	40,623
Non-executive directors						
Mr. Zhang Jianqun (ii).	—	—	—	—	—	—
Mr. Zhou Huiqiang (iii)	—	—	—	—	—	—
Mr. Du Yonggang (iv)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Supervisors						
Mr. Hu Zhixiong (v)	—	—	—	—	—	—
Mr. Hu Zhiyi (vi)	—	—	—	—	—	—
Ms. Huang Linting (vii)	—	398	144	—	52	594
Mr. Liu Tao (viii)	—	—	—	—	—	—
Subtotal	—	398	144	—	52	594
Total	—	2,301	555	38,208	153	41,217

Ten months ended October 31, 2024 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Executive directors						
Mr. Yang Chaohui (i)	—	1,423	—	31,840	84	33,347
Non-executive directors						
Mr. Zhang Jianqun (ii)	—	—	—	—	—	—
Mr. Zhou Huiqiang (iii)	—	—	—	—	—	—
Mr. Du Yonggang (iv)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Supervisors						
Mr. Hu Zhixiong (v)	—	—	—	—	—	—
Mr. Hu Zhiyi (vi)	—	—	—	—	—	—
Ms. Huang Linting (vii)	—	326	—	—	43	369
Mr. Liu Tao (viii)	—	—	—	—	—	—
Subtotal	—	326	—	—	43	369
Total	—	1,749	—	31,840	127	33,716

Ten months ended October 31, 2025

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment compensation	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors						
Mr. Yang Chaohui (i)	—	1,716	—	20,895	91	22,702
Non-executive directors						
Mr. Zhang Jianqun (ii).	—	—	—	—	—	—
Mr. Zhou Huiqiang (iii).	—	—	—	—	—	—
Mr. Du Yonggang (iv).	—	—	—	—	—	—
Ms. Huang Linting (vii).	—	361	—	—	48	409
Subtotal	—	361	—	—	48	409
Supervisors						
Mr. Hu Zhixiong (v)	—	—	—	—	—	—
Mr. Hu Zhiyi (vi).	—	—	—	—	—	—
Ms. Huang Linting (vii).	—	—	—	—	—	—
Mr. Liu Tao (viii).	—	—	—	—	—	—
Mr. Yuan Yangbo (ix)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	—	2,077	—	20,895	139	23,111

(i) Mr. Yang Chaohui was appointed as an executive director of the Company with effect from November 6, 2020. Mr. Yang Chaohui was also serving as the chief executive officer of the Company since May 2003.

(ii) Mr. Zhang Jianqun was appointed as an executive director of the Company with effect from November 6, 2020.

(iii) Mr. Zhou Huiqiang was appointed as an executive director of the Company with effect from November 6, 2020.

(iv) Mr. Du Yonggang was appointed as an executive director of the Company with effect from November 6, 2020.

(v) Mr. Hu Zhixiong was appointed as a supervisor of the Company with effect from November 6, 2020 and resigned on November 8, 2023.

(vi) Mr. Hu Zhiyi was appointed as a supervisor of the Company with effect from March 20, 2021 and retired on January 15, 2025.

(vii) Ms. Huang Linting was appointed as a supervisor of the Company with effect from November 6, 2020 and retired on May 12, 2025. Ms. Huang Linting was appointed as a non-executive director (employee director) of the Company with effect from May 14, 2025.

(viii) Mr. Liu Tao was appointed as a supervisor of the Company with effect from November 8, 2023 and retired on May 12, 2025.

(ix) Mr. Yuan Yangbo was appointed as a supervisor of the Company with effect from January 15, 2025. and retired on May 12, 2025.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods and the ten months ended October 31, 2024. No compensation was paid to, or receivable by, any Director, former director or any of the five highest-paid individuals for the loss of any other office in connection with the management of the affairs of any member of our Group.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2022, 2023 and 2024 and the ten months ended October 31, 2024 and 2025 included one, one, one, one and one directors of the Company, respectively, details of whose remuneration are set out in note 10 to the Historical Financial Information above. Details of the remuneration for the remaining highest paid employees during the Relevant Periods and the ten months ended October 31, 2024 are as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Salaries, allowances and benefits in kind .	4,307	4,282	3,326	3,081	3,062
Performance related bonuses.	3,225	2,061	2,360	—	—
Share-based payment compensation	163	932	12,781	10,651	6,990
Pension scheme contributions.	(513)	243	210	175	184
Total	<u>7,182</u>	<u>7,518</u>	<u>18,677</u>	<u>13,907</u>	<u>10,236</u>

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

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
HK\$1,500,001 to HK\$2,000,000.	2	3	—	—	—
HK\$2,000,001 to HK\$2,500,000.	2	—	—	—	3
HK\$2,500,001 to HK\$3,000,000.	—	1	—	—	—
HK\$3,000,001 to HK\$4,500,000.	—	—	—	4	1
HK\$4,500,001 to HK\$5,000,000.	—	—	2	—	—
HK\$5,000,001 to HK\$5,500,000.	—	—	1	—	—
HK\$5,500,001 to HK\$6,000,000	—	—	1	—	—
Total	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the Relevant Periods and the ten months ended October 31, 2024, share options were granted to four non-director and non-chief executive highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the Historical Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information during the Relevant Periods and the ten months ended October 31, 2024 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. INCOME TAX

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

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% during the Relevant Periods and the ten months ended October 31, 2024 unless subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises, which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on January 1, 2016, an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law. The Company, Shenzhen Mason Electronics Co., Ltd. and Advanced Intelligent Machine Co., Ltd. are subject to a preferential income tax rate of 15% from 2022 to 2025. Shenzhen Han’s Rayleigh Taide Precision Coating Co., Ltd. was subject to a preferential income tax rate of 15% from 2024 to 2026.

Pursuant to the Circular of Extending the Period of Western Development Strategies Preferential Tax Rate (circular of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission [2020] No. 23), from January 1, 2021 to December 31, 2030, enterprises located in western China that are engaged in encouraged industries shall be subject to a reduced enterprise income tax at a tax rate of 15%. The enterprises in the encouraged industries shall mainly engage in the industries set out in the Catalog of Encouraged Industries in Western China, and the revenue from the main business of such enterprises shall exceed 60% of the total revenue. Han’s CNC Technology (Xinfeng) Co., Ltd. operated in western China are subject to a preferential income tax rate of 15% from 2022 to 2025. Mason Electronics (Xinfeng) Co., Ltd. was subject to a preferential income tax rate of 15% from 2024 to 2025.

Pursuant to the Corporate Income Tax Law of the People’s Republic of China and its Implementation Regulations, for the period from January 1, 2021 to December 31, 2022, small and low-profit enterprises were subject to a reduced effective corporate income tax rate of 2.5% on the portion of their annual taxable income not exceeding RMB1,000,000; effective January 1, 2023 through December 31, 2027, this reduced rate on taxable income up to RMB1,000,000 is 5%; concurrently, for the period spanning January 1, 2022 to December 31, 2027, the portion of annual taxable income between RMB1,000,000 and RMB3,000,000 (inclusive) for such enterprises is subject to corporate income tax at a reduced effective rate of 5%. Suzhou Mason Electronics

Testing Co., Ltd., Shenzhen Han's Rayleigh Taide Precision Coating Co., Ltd., Dongguan Han's CNC Technology Co., Ltd., Shenzhen Han's Microelectronics Technology Co., Ltd. and Shanghai Han's Machinery Co., Ltd., meet the criteria for small and low-profit enterprises and thus enjoy the aforementioned corporate income tax incentives.

Additional deduction for research and development expense

Additional deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits during the Relevant Periods and the ten months ended October 31, 2024. Pursuant to the Corporate Income Tax Law of the People's Republic of China and its Implementation Regulations, qualified industrial machine tool enterprises are eligible for the new R&D super deduction. An extra 120% of the amount of R&D actually incurred during the period from January 1, 2023 to December 31, 2027 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed, provided that the said expenses are not recognized as intangible asset and included in the current profits and losses; if the said expenses have been recognized as an intangible asset, such expenses may be amortized at the rate of 220% of the costs of the intangible assets before tax payment in the above period. The Company, Shenzhen Mason Electronics Co., Ltd. and Advanced Intelligent Machine Co., Ltd. benefited from this tax incentive in 2023, 2024 and 2025.

Hong Kong

Pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered profits tax rates regime will be applicable to any year of assessment commencing on or after April 1, 2018. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The subsidiaries incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Thailand and Singapore

No provision for profits tax in Thailand and Singapore was made as the Group did not have any assessable income subject to profits tax in Thailand and Singapore during the Relevant Periods and the ten months ended October 31, 2024.

The income tax expense of the Group for the Relevant Periods and the ten months ended October 31, 2024 is analysed as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Current income tax	65,817	9,181	12,878	14,646	110,167
Deferred income tax	(14,507)	(7,423)	17,123	(4,537)	(39,170)
Total	<u>51,310</u>	<u>1,758</u>	<u>30,001</u>	<u>10,109</u>	<u>70,997</u>

A reconciliation of the tax expense applicable to profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Profit before tax	<u>483,322</u>	<u>137,426</u>	<u>329,583</u>	<u>222,084</u>	<u>589,916</u>
Tax at the applicable tax rate	72,529	22,873	51,333	35,468	93,064
Adjustments in respect of current tax of previous periods	10	2,595	(14)	(14)	—
Income not subject to tax	(106)	(91)	(1,988)	(1,007)	(836)
Expenses not deductible for tax	3,213	862	16,423	3,532	14,023
Additional deductible allowance for research and development expenses	(29,570)	(33,046)	(37,173)	(26,256)	(37,757)
Tax losses and deductible temporary differences utilised from previous periods	—	(67)	(2,088)	(2,302)	(4,411)
Tax losses and deductible temporary differences not recognised	5,234	8,677	3,388	688	6,914
Effect on deferred tax balances due to change in income tax rate	—	(45)	120	—	—
Tax charge at the Group's effective tax rate	<u>51,310</u>	<u>1,758</u>	<u>30,001</u>	<u>10,109</u>	<u>70,997</u>

13. DIVIDEND

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Dividends in respect of the previous year/period, declared or paid during the year/period (tax inclusive)	168,000	1,197,000	—	—	168,000

The final dividends of RMB0.40, RMB2.00, nil and RMB0.40 (inclusive of tax) for each ordinary share in respect of the years ended December 31, 2021, 2022, 2023 and 2024 were approved by the Annual General Meeting of the Company.

The dividends of RMB0.85 (inclusive of tax) for each ordinary share in respect of the nine months ended September 30, 2023 were approved by the Extraordinary General Meeting of the Company on November 8, 2023.

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

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods and the ten months ended October 31, 2024 attributable to ordinary equity holders of the parent, and the weighted average number of share capital outstanding during the Relevant Periods and the ten months ended October 31, 2024.

The share option granted by the Company have potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the Relevant Periods and the ten months ended October 31, 2024 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the Relevant Periods and the ten months ended October 31, 2024, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	434,687	135,546	301,180	212,262	523,089
Shares					
Weighted average number of ordinary shares outstanding during the year/period, used in the basic earnings per share calculation ('000)	413,000	420,000	420,000	420,000	422,954
Effect of dilution — weighted average number of ordinary shares ('000):					
Share option	—	—	1,748	1,732	6,524
Weighted average number of ordinary shares used in the diluted earnings per share calculation ('000)	413,000	420,000	421,748	421,732	429,478

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Motor vehicles	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2022							
As at January 2022:							
Cost	53,087	3,245	10,152	34,841	60,307	833	162,465
Accumulated depreciation	(23,367)	(1,809)	(3,727)	(19,737)	(9,354)	—	(57,994)
Net carrying amount	<u>29,720</u>	<u>1,436</u>	<u>6,425</u>	<u>15,104</u>	<u>50,953</u>	<u>833</u>	<u>104,471</u>
At January 1, 2022, net of							
accumulated depreciation	29,720	1,436	6,425	15,104	50,953	833	104,471
Additions	1,107	1,879	2,823	14,808	1,486	58,062	80,165
Disposals	(212)	—	(34)	(121)	—	—	(367)
Depreciation provided during the							
year	(5,486)	(641)	(1,884)	(5,383)	(12,046)	—	(25,440)
Transfer from inventories	13,868	—	170	487	—	—	14,525
Exchange realignment	—	—	—	1	—	—	1
At December 31, 2022, net of							
accumulated depreciation	<u>38,997</u>	<u>2,674</u>	<u>7,500</u>	<u>24,896</u>	<u>40,393</u>	<u>58,895</u>	<u>173,355</u>
As at December 31, 2022							
Cost	67,515	5,124	12,820	48,093	61,793	58,895	254,240
Accumulated depreciation	(28,518)	(2,450)	(5,320)	(23,197)	(21,400)	—	(80,885)
Net carrying amount	<u>38,997</u>	<u>2,674</u>	<u>7,500</u>	<u>24,896</u>	<u>40,393</u>	<u>58,895</u>	<u>173,355</u>

	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023							
As at January 1, 2023:							
Cost	67,515	5,124	12,820	48,093	61,793	58,895	254,240
Accumulated depreciation	(28,518)	(2,450)	(5,320)	(23,197)	(21,400)	—	(80,885)
Net carrying amount	<u>38,997</u>	<u>2,674</u>	<u>7,500</u>	<u>24,896</u>	<u>40,393</u>	<u>58,895</u>	<u>173,355</u>
At January 1, 2023, net of							
accumulated depreciation	38,997	2,674	7,500	24,896	40,393	58,895	173,355
Additions	13	—	969	3,407	1,005	255,779	261,173
Acquisition of a subsidiary							
(note 39)	4,735	639	25	170	—	—	5,569
Disposals	(905)	—	(27)	(36)	—	—	(968)
Depreciation provided during the							
year	(6,390)	(740)	(2,085)	(6,632)	(12,393)	—	(28,240)
Transfers	—	—	—	—	591	(591)	—
Transfer from inventories	5,007	—	19	1,512	—	—	6,538
Transfer to inventories	(2,049)	—	—	—	—	—	(2,049)
Exchange realignment	—	—	1	—	—	—	1
At December 31, 2023, net of							
accumulated depreciation	<u>39,408</u>	<u>2,573</u>	<u>6,402</u>	<u>23,317</u>	<u>29,596</u>	<u>314,083</u>	<u>415,379</u>
As at December 31, 2023							
Cost	71,393	5,914	13,485	52,453	62,976	314,083	520,304
Accumulated depreciation	(31,985)	(3,341)	(7,083)	(29,136)	(33,380)	—	(104,925)
Net carrying amount	<u>39,408</u>	<u>2,573</u>	<u>6,402</u>	<u>23,317</u>	<u>29,596</u>	<u>314,083</u>	<u>415,379</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Machinery	Motor vehicles	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2024							
As at January 1, 2024:							
Cost	71,393	5,914	13,485	52,453	62,976	314,083	520,304
Accumulated depreciation	(31,985)	(3,341)	(7,083)	(29,136)	(33,380)	—	(104,925)
Net carrying amount	<u>39,408</u>	<u>2,573</u>	<u>6,402</u>	<u>23,317</u>	<u>29,596</u>	<u>314,083</u>	<u>415,379</u>
At January 1, 2024, net of							
accumulated depreciation	39,408	2,573	6,402	23,317	29,596	314,083	415,379
Additions	1,073	680	3,222	6,645	962	242,706	255,288
Disposals	(338)	(14)	(57)	(48)	—	—	(457)
Depreciation provided during the							
year	(6,426)	(813)	(2,271)	(7,053)	(12,767)	—	(29,330)
Transfers	—	—	—	—	147	(147)	—
Transfer from inventories	<u>36,116</u>	<u>—</u>	<u>193</u>	<u>615</u>	<u>—</u>	<u>—</u>	<u>36,924</u>
At December 31, 2024, net of							
accumulated depreciation	<u>69,833</u>	<u>2,426</u>	<u>7,489</u>	<u>23,476</u>	<u>17,938</u>	<u>556,642</u>	<u>677,804</u>
As at December 31, 2024							
Cost	105,238	6,209	16,347	58,759	63,591	556,642	806,786
Accumulated depreciation	(35,405)	(3,783)	(8,858)	(35,283)	(45,653)	—	(128,982)
Net carrying amount	<u>69,833</u>	<u>2,426</u>	<u>7,489</u>	<u>23,476</u>	<u>17,938</u>	<u>556,642</u>	<u>677,804</u>

	<u>Buildings</u>	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at October 31, 2025.								
As at January 1, 2025:								
Cost	—	105,238	6,209	16,347	58,759	63,591	556,642	806,786
Accumulated depreciation	—	(35,405)	(3,783)	(8,858)	(35,283)	(45,653)	—	(128,982)
Net carrying amount.	—	69,833	2,426	7,489	23,476	17,938	556,642	677,804
At January 1, 2025, net of								
accumulated depreciation	—	69,833	2,426	7,489	23,476	17,938	556,642	677,804
Additions	—	3,356	300	14,722	8,167	—	86,555	113,100
Disposals	—	(1,049)	—	(80)	(25)	(3)	—	(1,157)
Depreciation provided during the								
period	(4,327)	(10,408)	(667)	(2,578)	(6,674)	(10,613)	—	(35,267)
Transfers	582,278	—	—	—	—	—	(582,278)	—
Transfer to inventories.	—	—	—	—	(37)	—	—	(37)
Transfer from inventories	—	10,261	—	438	326	—	—	11,025
At October 31, 2025, net of								
accumulated depreciation	577,951	71,993	2,059	19,991	25,233	7,322	60,919	765,468
As at October 31, 2025								
Cost	582,278	109,279	6,509	30,996	66,923	63,588	60,919	920,492
Accumulated depreciation	(4,327)	(37,286)	(4,450)	(11,005)	(41,690)	(56,266)	—	(155,024)
Net carrying amount	577,951	71,993	2,059	19,991	25,233	7,322	60,919	765,468

The Company

	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2022							
As at January 1, 2022:							
Cost	18,309	2,612	7,001	29,859	42,958	—	100,739
Accumulated depreciation	(6,942)	(1,784)	(1,902)	(16,830)	(7,040)	—	(34,498)
Net carrying amount	<u>11,367</u>	<u>828</u>	<u>5,099</u>	<u>13,029</u>	<u>35,918</u>	<u>—</u>	<u>66,241</u>
At January 1, 2022, net of							
accumulated depreciation	11,367	828	5,099	13,029	35,918	—	66,241
Additions	—	1,879	2,351	13,281	1,210	591	19,312
Disposals	(202)	—	(15)	(120)	—	—	(337)
Depreciation provided during the							
year	(2,022)	(580)	(1,511)	(4,735)	(8,557)	—	(17,405)
Transfer from inventories	12,010	—	134	345	—	—	12,489
At December 31, 2022, net of							
accumulated depreciation	<u>21,153</u>	<u>2,127</u>	<u>6,058</u>	<u>21,800</u>	<u>28,571</u>	<u>591</u>	<u>80,300</u>
As at December 31, 2022							
Cost	29,832	4,491	9,285	41,495	44,168	591	129,862
Accumulated depreciation	(8,679)	(2,364)	(3,227)	(19,695)	(15,597)	—	(49,562)
Net carrying amount	<u>21,153</u>	<u>2,127</u>	<u>6,058</u>	<u>21,800</u>	<u>28,571</u>	<u>591</u>	<u>80,300</u>

APPENDIX I
ACCOUNTANTS' REPORT

	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2023							
As at January 1, 2023:							
Cost	29,832	4,491	9,285	41,495	44,168	591	129,862
Accumulated depreciation	<u>(8,679)</u>	<u>(2,364)</u>	<u>(3,227)</u>	<u>(19,695)</u>	<u>(15,597)</u>	<u>—</u>	<u>(49,562)</u>
Net carrying amount	<u>21,153</u>	<u>2,127</u>	<u>6,058</u>	<u>21,800</u>	<u>28,571</u>	<u>591</u>	<u>80,300</u>
At January 1, 2023, net of							
accumulated depreciation	21,153	2,127	6,058	21,800	28,571	591	80,300
Additions	—	—	540	3,060	143	—	3,743
Disposals	(167)	—	(189)	(1,350)	—	—	(1,706)
Depreciation provided during the							
year	(2,977)	(562)	(1,642)	(5,656)	(8,468)	—	(19,305)
Transfers	—	—	—	—	591	(591)	—
Transfer from inventories	3,595	—	—	—	—	—	3,595
Transfer to inventories	<u>(2,049)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,049)</u>
At December 31, 2023, net of							
accumulated depreciation	<u>19,555</u>	<u>1,565</u>	<u>4,767</u>	<u>17,854</u>	<u>20,837</u>	<u>—</u>	<u>64,578</u>
As at December 31, 2023							
Cost	30,412	4,491	9,392	40,910	44,902	—	130,107
Accumulated depreciation	<u>(10,857)</u>	<u>(2,926)</u>	<u>(4,625)</u>	<u>(23,056)</u>	<u>(24,065)</u>	<u>—</u>	<u>(65,529)</u>
Net carrying amount	<u>19,555</u>	<u>1,565</u>	<u>4,767</u>	<u>17,854</u>	<u>20,837</u>	<u>—</u>	<u>64,578</u>

	Machinery	Motor vehicles	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2024							
As at January 1, 2024:							
Cost	30,412	4,491	9,392	40,910	44,902	—	130,107
Accumulated depreciation	(10,857)	(2,926)	(4,625)	(23,056)	(24,065)	—	(65,529)
Net carrying amount	<u>19,555</u>	<u>1,565</u>	<u>4,767</u>	<u>17,854</u>	<u>20,837</u>	<u>—</u>	<u>64,578</u>
At January 1, 2024, net of							
accumulated depreciation	19,555	1,565	4,767	17,854	20,837	—	64,578
Additions	—	663	2,908	5,920	395	—	9,886
Disposals	(162)	(15)	(99)	(46)	—	—	(322)
Depreciation provided during the							
year	(3,031)	(533)	(1,712)	(5,647)	(8,470)	—	(19,393)
Transfer from inventories	<u>34,460</u>	<u>—</u>	<u>169</u>	<u>205</u>	<u>—</u>	<u>—</u>	<u>34,834</u>
At December 31, 2024, net of							
accumulated depreciation	<u>50,822</u>	<u>1,680</u>	<u>6,033</u>	<u>18,286</u>	<u>12,762</u>	<u>—</u>	<u>89,583</u>
As at December 31, 2024							
Cost	63,808	4,787	12,200	46,348	45,297	—	172,440
Accumulated depreciation	(12,986)	(3,107)	(6,167)	(28,062)	(32,535)	—	(82,857)
Net carrying amount	<u>50,822</u>	<u>1,680</u>	<u>6,033</u>	<u>18,286</u>	<u>12,762</u>	<u>—</u>	<u>89,583</u>

	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at October 31, 2025							
As at January 1, 2025:							
Cost	63,808	4,787	12,200	46,348	45,297	—	172,440
Accumulated depreciation	(12,986)	(3,107)	(6,167)	(28,062)	(32,535)	—	(82,857)
Net carrying amount	<u>50,822</u>	<u>1,680</u>	<u>6,033</u>	<u>18,286</u>	<u>12,762</u>	<u>—</u>	<u>89,583</u>
At January 1, 2025, net of							
accumulated depreciation	50,822	1,680	6,033	18,286	12,762	—	89,583
Additions	384	300	14,195	4,930	—	—	19,809
Disposals	(8)	—	(122)	(30)	—	—	(160)
Depreciation provided during the							
period	(5,364)	(495)	(4,028)	(5,465)	(7,484)	—	(22,836)
Transfer from inventories	<u>8,919</u>	<u>—</u>	<u>256</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,175</u>
At October 31, 2025, net of							
accumulated depreciation	<u>54,753</u>	<u>1,485</u>	<u>16,334</u>	<u>17,721</u>	<u>5,278</u>	<u>—</u>	<u>95,571</u>
As at October 31, 2025							
Cost	73,102	5,087	26,313	51,096	45,297	—	200,895
Accumulated depreciation	(18,349)	(3,602)	(9,979)	(33,375)	(40,019)	—	(105,324)
Net carrying amount	<u>54,753</u>	<u>1,485</u>	<u>16,334</u>	<u>17,721</u>	<u>5,278</u>	<u>—</u>	<u>95,571</u>

At the end of each of the Relevant Periods, no property, plant and equipment of the Group and the Company was pledged.

16. INVESTMENT PROPERTIES

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
At the beginning of the year/period				
Cost	3,219	3,219	3,219	3,219
Accumulated depreciation	(1,185)	(1,262)	(1,339)	(1,416)
Net carrying amount	<u>2,034</u>	<u>1,957</u>	<u>1,880</u>	<u>1,803</u>
At the beginning of the year/period, net of accumulated depreciation.	2,034	1,957	1,880	1,803
Depreciation provided during the year/period.	(77)	(77)	(77)	(65)
At the end of the year/period, net of accumulated depreciation.	<u>1,957</u>	<u>1,880</u>	<u>1,803</u>	<u>1,738</u>
At the end of the year/period				
Cost	3,219	3,219	3,219	3,219
Accumulated depreciation	(1,262)	(1,339)	(1,416)	(1,481)
Net carrying amount	<u>1,957</u>	<u>1,880</u>	<u>1,803</u>	<u>1,738</u>

The Group's investment properties consist of a residential property in the Chinese mainland. The directors of the Company have determined that the investment properties are commercial based on the nature, characteristics and risks of the properties. As at December 31, 2022, 2023 and 2024 and October 31, 2025, the fair values of the investment properties of the Group are not materially different from their original cost.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 17 to the Historical Financial Information.

17. LEASES

The Group as a lessee

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between two and ten years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

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

The Group

	Land use rights	Buildings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2022	412,050	129,659	541,709
Additions	65,311	42,178	107,489
Termination	—	(6,571)	(6,571)
Depreciation provided during the year	(9,673)	(42,234)	(51,907)
As at December 31, 2022 and January 1, 2023	467,688	123,032	590,720
Additions	1,959	8,077	10,036
Acquisition of a subsidiary (<i>note 39</i>)	—	174	174
Termination	—	(15,810)	(15,810)
Depreciation provided during the year	(9,751)	(40,821)	(50,572)
As at December 31, 2023 and January 1, 2024	459,896	74,652	534,548
Additions	—	4,923	4,923
Termination	—	(1,654)	(1,654)
Depreciation provided during the year	(9,712)	(34,527)	(44,239)
As at December 31, 2024 and January 1, 2025	450,184	43,394	493,578
Additions	208	17,763	17,971
Termination	—	(835)	(835)
Depreciation provided during the period	(7,614)	(28,110)	(35,724)
As at October 31, 2025	442,778	32,212	474,990

The Company

	Buildings
	<i>RMB'000</i>
As at January 1, 2022	97,547
Additions	37,007
Termination	(6,571)
Depreciation provided during the year	(33,391)
As at December 31, 2022 and January 1, 2023	94,592
Termination	(11,528)
Depreciation provided during the year	(31,420)
As at December 31, 2023 and January 1, 2024	51,644
Additions	3,037
Termination	(1,486)
Depreciation provided during the year	(24,689)
As at December 31, 2024 and January 1, 2025	28,506
Additions	5,510
Depreciation provided during the period	(18,791)
As at October 31, 2025	15,225

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount at the beginning of the year/period.	132,634	128,470	80,508	47,514
New leases	42,178	8,077	4,923	17,763
Accretion of interest recognised during the year/period	6,410	4,789	3,041	1,533
Payments.	(45,259)	(44,707)	(39,244)	(31,675)
Acquisition of a subsidiary (<i>note 39</i>)	—	177	—	—
Termination.	(7,493)	(16,298)	(1,714)	(874)
Carrying amount at the end of the year/period.	<u>128,470</u>	<u>80,508</u>	<u>47,514</u>	<u>34,261</u>
Analysed into:				
Current portion	45,063	35,497	34,716	22,120
Non-current portion.	<u>83,407</u>	<u>45,011</u>	<u>12,798</u>	<u>12,141</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Carrying amount at the beginning of the year/period.	100,239	98,699	55,419	31,397
New leases	37,007	—	3,037	5,510
Accretion of interest recognised during the year/period	4,850	3,563	2,107	919
Payments.	(35,904)	(35,004)	(27,618)	(21,376)
Termination.	(7,493)	(11,839)	(1,548)	—
Carrying amount at the end of the year/period.	<u>98,699</u>	<u>55,419</u>	<u>31,397</u>	<u>16,450</u>
Analysed into:				
Current portion	35,922	24,486	23,833	13,162
Non-current portion.	<u>62,777</u>	<u>30,933</u>	<u>7,564</u>	<u>3,288</u>

The maturity analysis of lease liabilities is disclosed in note 47 to the Historical Financial Information.

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

	As at December 31,			As at October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Interest on lease liabilities	6,410	4,789	3,041	2,506	1,533
Depreciation charge of right-of-use assets. . .	51,907	50,572	44,239	36,425	35,724
Expense relating to short-term leases and low-value assets* . . .	<u>20,517</u>	<u>15,585</u>	<u>18,075</u>	<u>15,724</u>	<u>23,428</u>
Total amount recognised in profit or loss	<u>78,834</u>	<u>70,946</u>	<u>65,355</u>	<u>54,655</u>	<u>60,685</u>

* Included in “Administrative expenses” and “Selling and marketing expenses” in the consolidated statements of profit or loss.

(d) The total cash outflow for leases is set out in note 40 to the Historical Financial Information.

The Group as a lessor

The Group leases its machinery and investment properties (note 16) consisting of a residential property in the Chinese mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the years ended December 31, 2022, 2023 and 2024 and the ten months ended October 31, 2024 and 2025 was RMB20,278,000, RMB11,142,000, RMB15,719,000, RMB13,775,000 (unaudited) and RMB11,690,000, respectively, details of which are included in note 5 to the Historical Financial Information.

At December 31, 2022, 2023 and 2024 and October 31, 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at December 31,			As at
				October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	499	125	469	488
After one year but within two years . .	125	—	492	492
After two year but within three years .	—	—	492	82
Total	<u>624</u>	<u>125</u>	<u>1,453</u>	<u>1,062</u>

18. GOODWILL

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
At beginning of year/period:				RMB'000
Cost	22,302	22,302	163,341	163,341
Accumulated impairment.....	(9,378)	(9,378)	(9,378)	(89,018)
Carrying amount at the beginning of the year/period.....	<u>12,924</u>	<u>12,924</u>	<u>153,963</u>	<u>74,323</u>
Cost at the beginning of year/period, net of impairment	12,924	12,924	153,963	74,323
Acquisition of a subsidiary (<i>note 39</i>) .	—	141,039	—	—
Impairment during the year/period ...	—	—	(79,640)	(61,399)
Carrying amount at the end of the year/period.....	<u>12,924</u>	<u>153,963</u>	<u>74,323</u>	<u>12,924</u>
At end of year/period:				
Cost	22,302	163,341	163,341	163,341
Accumulated impairment.....	(9,378)	(9,378)	(89,018)	(150,417)
Net carrying amount	<u>12,924</u>	<u>153,963</u>	<u>74,323</u>	<u>12,924</u>

Impairment testing of goodwill

A CGU to which goodwill has been allocated is tested for impairment by the management annually, and whenever there is an indication that the unit may be impaired.

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Shenzhen Mason Electronics Co., Ltd. cash-generating unit;
- Advanced Intelligent Machine Co., Ltd. cash-generating unit; and
- Shenzhen Han's Rayleigh Taide Precision Coating Co., Ltd. cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Mason CGU	12,924	12,924	12,924	12,924
Advanced Intelligent CGU	—	—	—	—
Rayleigh CGU	—	141,039	61,399	—
	<u>12,924</u>	<u>153,963</u>	<u>74,323</u>	<u>12,924</u>

For the purpose of impairment review, the recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value in use. Assumptions were used in the calculation of recoverable amounts of the Mason CGU and Rayleigh CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates — The discount rates used are before tax for the recoverable amount calculated based on value in use and after tax for the recoverable amount calculated based on fair value less costs of disposal, respectively, and reflect specific risks relating to the relevant units.

Growth rates — The growth rates are determined based on historical experience and forecast of market development in which the cash-generating unit operate in.

Shenzhen Mason Electronics Co., Ltd. cash-generating unit (the “Mason CGU”)

Impairment reviews on the goodwill of Mason CGU have been conducted by the management as at December 31, 2022, 2023 and 2024 according to IAS 36 “Impairment of assets.” As at October 31, 2025, the management has considered and assessed all available internal and external sources of information and has not identified any indications that an impairment loss of goodwill may have occurred during the ten months ended October 31, 2025. Therefore the management did not make a formal estimate of the recoverable amounts of Mason CGU as at October 31, 2025.

For the purposes of impairment review, the recoverable amount of the Mason CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. Based on the results of the impairment assessments for goodwill of Mason CGU, headroom measured by the excess of the recoverable amount over the carrying amount of Mason CGU as at December 31, 2022, 2023 and 2024 were RMB25,052,000, RMB24,845,000 and RMB42,118,000, respectively. As at December

31, 2022, 2023 and 2024, the pre-tax discount rate applied to the cash flow projections is 18.79%, 18.51% and 15.94%, respectively. The growth rate used to extrapolate the cash flows of the Mason CGU beyond the five-year period is 2.00%, 2.00% and 2.00%, respectively.

For the sensitivity analysis conducted during the impairment review on the goodwill of Mason CGU, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, or with reduction of the growth rate used to extrapolate the cash flows of the Mason CGU beyond the five-year period by 0.5%, it would cause the reduction of the recoverable amount of Mason CGU as follows, if one of the key assumptions was to change while other variable held constant: As at December 31, 2022, the recoverable amount would decrease by RMB14,100,000 and RMB1,300,000. As at December 31, 2023, the recoverable amount would decrease by RMB16,300,000 and RMB1,500,000. As at December 31, 2024, the recoverable amount would decrease by RMB18,500,000 and RMB1,500,000.

Advanced Intelligent Machine Co., Ltd. cash-generating unit (the “Advanced Intelligent CGU”)

The carrying amount of the Advanced Intelligent CGU was fully impaired prior to the beginning of the Relevant Periods.

Shenzhen Han’s Rayleigh Taide Precision Coating Co., Ltd. cash-generating unit (the “Rayleigh CGU”)

According to IAS 36 “Impairment of assets”, impairment reviews on the goodwill of Rayleigh CGU have been conducted by management annually as at December 31, 2023 and 2024. And due to the intense market competition during the second half of 2025, the business growth of Rayleigh CGU was well below expectations thus there was an impairment indicator for the goodwill of Rayleigh CGU and impairment review has been conducted by management as at October 31, 2025. As at December 31, 2023 and 2024, the recoverable amount of the Rayleigh CGU has been determined based on the value in use which was the higher of fair value less costs of disposal and value in use. The value in use calculation was determined using cash flow projections based on financial budgets covering a five-year period approved by the senior management. As at December 31, 2023 and 2024, the pre-tax discount rate applied to the cash flow projections is 23.25% and 17.89%, respectively. As at October 31, 2025, the recoverable amount of Rayleigh CGU has been determined based on the fair value less costs of disposal as it was higher than the amount of value in use. The fair value less costs of disposal calculation was determined using discounted cash flow projections of which the accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The post-tax discount rate applied to the cash flow projections is 17.44%. The growth rate used to extrapolate the cash flows of the Rayleigh CGU beyond the five-year period is 2.00%, 2.00% and 2.00%, respectively.

Based on the results of the impairment assessments, the recoverable amounts of the Rayleigh CGU was RMB340,000,000, RMB99,820,000 and RMB5,228,000 as at December 31, 2023 and 2024 and October 31, 2025, respectively. Accordingly, the Group recognised an impairment provision of approximately RMB79,640,000 for the year ended December 31, 2024 and RMB61,399,000 for the ten months ended October 31, 2025 against the carrying amount of goodwill relating to Rayleigh CGU. The impairment for the year ended December 31, 2024 and the ten months ended October 31, 2025 were attributable to the overall decline in forecasted revenue generated by Rayleigh CGU in the cash flow projection prepared by the directors of the Group with reference to the market activities of Rayleigh Taide.

Based on management's assessment on the recoverable amounts, the headroom measured by the excess of the recoverable amount over the carrying amount of Rayleigh CGU as at December 31, 2023 was RMB128,653,000. For the sensitivity analysis of Rayleigh conducted during the impairment review, had there been reasonably possible changes with an increase in pre-tax discount rate by 0.50%, or with reduction of the growth rate used to extrapolate the cash flows of the Rayleigh CGU beyond the five-year period by 0.5%, it would cause the reduction of the recoverable amount of Rayleigh CGU as follows, if one of the key assumptions was to change while other variable held constant: As at December 31, 2023, the recoverable amount would decrease by RMB8,000,000 and RMB3,000,000. As at December 31, 2024, the recoverable amount would decrease by RMB4,386,000 and RMB1,211,000.

In the opinion of the directors of the Group, any reasonably possible change in the key assumptions of the cash flow forecast would not cause its carrying amount of Rayleigh CGU exceed its recoverable amount for the year ended December 31, 2023.

19. OTHER INTANGIBLE ASSETS

The Group

	<u>Software</u>	<u>Patent</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
December 31, 2022			
Cost at January 1, 2022, net of			
accumulated amortisation	8,170	—	8,170
Additions	2,029	—	2,029
Amortisation during the year	(2,083)	—	(2,083)
At December 31, 2022	<u>8,116</u>	<u>—</u>	<u>8,116</u>

	Software	Patent	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At December 31, 2022:			
Cost	14,913	—	14,913
Accumulated amortisation	(6,797)	—	(6,797)
Net carrying amount	<u>8,116</u>	<u>—</u>	<u>8,116</u>
December 31, 2023			
Cost at January 1, 2023, net of			
accumulated amortisation	8,116	—	8,116
Additions	1,066	65	1,131
Amortisation during the year	(2,404)	(3)	(2,407)
At December 31, 2023	<u>6,778</u>	<u>62</u>	<u>6,840</u>
At December 31, 2023:			
Cost	12,615	65	12,680
Accumulated amortisation	(5,837)	(3)	(5,840)
Net carrying amount	<u>6,778</u>	<u>62</u>	<u>6,840</u>
December 31, 2024			
Cost at January 1, 2024, net of			
accumulated amortisation	6,778	62	6,840
Additions	957	—	957
Amortisation during the year	(2,599)	(13)	(2,612)
At December 31, 2024	<u>5,136</u>	<u>49</u>	<u>5,185</u>
At December 31, 2024:			
Cost	13,332	65	13,397
Accumulated amortisation	(8,196)	(16)	(8,212)
Net carrying amount	<u>5,136</u>	<u>49</u>	<u>5,185</u>
October 31, 2025			
Cost at January 1, 2025, net of			
accumulated amortisation	5,136	49	5,185
Additions	1,092	472	1,564
Amortisation during the period	(2,209)	(19)	(2,228)
At October 31, 2025	<u>4,019</u>	<u>502</u>	<u>4,521</u>
At October 31, 2025:			
Cost	14,424	537	14,961
Accumulated amortisation	(10,405)	(35)	(10,440)
Net carrying amount	<u>4,019</u>	<u>502</u>	<u>4,521</u>

The Company

	Software
	<i>RMB'000</i>
December 31, 2022	
Cost at January 1, 2022, net of accumulated amortisation	6,702
Additions	906
Amortisation during the year	(1,562)
At December 31, 2022	<u>6,046</u>
At December 31, 2022:	
Cost	10,539
Accumulated amortisation	(4,493)
Net carrying amount	<u>6,046</u>
December 31, 2023	
Cost at January 1, 2023, net of accumulated amortisation	6,046
Additions	993
Amortisation during the year	(1,736)
At December 31, 2023	<u>5,303</u>
At December 31, 2023:	
Cost	9,354
Accumulated amortisation	(4,051)
Net carrying amount	<u>5,303</u>
December 31, 2024	
Cost at January 1, 2024, net of accumulated amortisation	5,303
Additions	775
Amortisation during the year	(1,907)
At December 31, 2024	<u>4,171</u>
At December 31, 2024:	
Cost	9,935
Accumulated amortisation	(5,764)
Net carrying amount	<u>4,171</u>

	<u>Software</u>
	<i>RMB'000</i>
October 31, 2025	
Cost at January 1, 2025, net of accumulated amortisation	4,171
Additions	1,472
Amortisation during the period	<u>(1,800)</u>
At October 31, 2025	<u><u>3,843</u></u>
At October 31, 2025:	
Cost	11,407
Accumulated amortisation	<u>(7,564)</u>
Net carrying amount	<u><u>3,843</u></u>

20. INVESTMENTS IN ASSOCIATES

The Group

	<u>As at December 31,</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>October 31,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	95,660	98,076	107,078	110,061
Less: Impairment.	<u>(55,768)</u>	<u>(55,768)</u>	<u>(55,768)</u>	<u>(55,768)</u>
	<u><u>39,892</u></u>	<u><u>42,308</u></u>	<u><u>51,310</u></u>	<u><u>54,293</u></u>

The Company

	<u>As at December 31,</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>October 31,</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	2,705	—	—	—
Less: Impairment.	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>2,705</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

As at December 31, 2022, based on the recoverable amount of RMB37,187,000, under the fair value less cost of disposal calculation, the impairment loss amounting to RMB55,768,000 was recognised on the investment in Shenzhen Mingxin Test Equipment Co., Ltd. (“**Shenzhen Mingxin**”). The fair value was measured using asset-base method with key assumptions of replacement cost.

In the opinion of the directors, no investments in associate are material to the Group and the Company.

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Share of the associates' (loss)/profit for the year/period	(5,825)	5,685	13,166	5,573
Share of the associates' other comprehensive income/(loss) for the year/period	28	(14)	60	(40)
Share of the associates' total comprehensive (loss)/income for the year/period	<u>(5,797)</u>	<u>5,671</u>	<u>13,226</u>	<u>5,533</u>
Changes of reserve due to passive dilution of investment in an associate	<u>—</u>	<u>—</u>	<u>(4,224)</u>	<u>—</u>
Dividends received from an associate	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,550)</u>
	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Aggregate carrying amount of the Group's investments in the associates	<u>39,892</u>	<u>42,308</u>	<u>51,310</u>	<u>54,293</u>

21. INVENTORIES

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Raw materials	360,195	272,782	226,303	494,169
Work in progress	256,188	279,650	247,439	625,137
Semi-finished goods	66,599	47,094	58,254	104,171
Materials consigned for processing . . .	19,993	18,959	20,495	33,199
Finished goods	50,967	45,759	36,581	52,371
Goods in transit	182,734	365,487	352,143	465,815
	936,676	1,029,731	941,215	1,774,862
Write-down of inventories to net realisable value	(32,757)	(57,614)	(43,030)	(57,983)
Total	903,919	972,117	898,185	1,716,879

The inventories are net of a write-down of approximately RMB32,757,000, RMB57,614,000, RMB43,030,000 and RMB57,983,000 in the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and October 31, 2025, respectively.

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Raw materials	333,308	215,275	171,592	340,176
Work in progress	201,662	189,784	165,828	368,129
Semi-finished goods	41,246	23,580	25,173	51,877
Materials consigned for processing . . .	15,469	14,841	13,558	19,794
Finished goods	42,188	13,563	16,015	28,837
Goods in transit	145,427	244,763	216,957	253,403
	779,300	701,806	609,123	1,062,216
Write-down of inventories to net realisable value	(24,232)	(42,202)	(28,687)	(35,819)
Total	755,068	659,604	580,436	1,026,397

22. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Trade and bills receivables at amortised cost				
Trade receivables	1,783,804	1,592,881	2,586,503	4,362,538
Bills receivable	527,640	227,137	307,833	434,090
Less: Allowance for credit losses . . .	(98,864)	(115,504)	(137,604)	(161,335)
Total	2,212,580	1,704,514	2,756,732	4,635,293
Less: Trade receivables due after one year	(118,624)	(60,913)	(170,002)	(513,566)
Trade and bills receivable — current	2,093,956	1,643,601	2,586,730	4,121,727
Bills receivables at fair value through other comprehensive income				
Bills receivables — current	55,119	51,188	89,416	51,896
Total	<u>2,149,075</u>	<u>1,694,789</u>	<u>2,676,146</u>	<u>4,173,623</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Trade and bills receivables at amortised cost				
Trade receivables	1,458,914	942,234	1,621,927	3,163,539
Bills receivable	484,287	139,786	173,084	258,575
Due from subsidiaries	92,379	395,629	558,974	639,524
Less: Allowance for credit losses . . .	(79,721)	(66,310)	(77,495)	(97,519)
Total	1,955,859	1,411,339	2,276,490	3,964,119
Less: Trade receivables due after one year	(117,130)	(39,738)	(91,782)	(398,257)
Trade and bills receivable — current	1,838,729	1,371,601	2,184,708	3,565,862
Bills receivable at fair value through other comprehensive income				
Bills receivable — current	50,407	32,102	66,572	41,403
Total	<u>1,889,136</u>	<u>1,403,703</u>	<u>2,251,280</u>	<u>3,607,265</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally three to eighteen months, extending up to 24 months for certain major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Credit risk is managed on a customer-by-customer basis. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

Transfers of financial assets*Financial assets that are derecognised in their entirety**Bills endorsed or discounted*

At December 31, 2022, 2023 and 2024 and October 31, 2025, the Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain suppliers, and discounted certain bills receivables to banks in Chinese mainland ("Derecognised Bills"), with a carrying amount in

aggregate of RMB217,148,000, RMB133,030,000, RMB243,527,000 and RMB244,245,000. The Derecognised Bills had a maturity of one to ten months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

Financial assets that are not derecognised in their entirety

Bills endorsed or discounted

As part of its normal business, the Group discounted and endorsed certain bills receivable accepted by banks or commercial entities in Chinese mainland (the “**Discounted and Endorsed Bills**”) with a carrying amount of RMB117,720,000, RMB83,612,000, RMB101,443,000 and RMB207,855,000 to certain banks and certain of its suppliers as at December 31, 2022, 2023 and 2024 and October 31, 2025. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted and Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted and Endorsed Bills and recognised the associated borrowings or other payables. Subsequent to the discounting and endorsing, the Group did not retain any rights on the use of the Discounted and Endorsed Bills, including the sale, transfer or pledge of the Discounted and Endorsed Bills to any other third parties. The aggregate carrying amount of the borrowings recognised as at December 31, 2022, 2023 and 2024 and October 31, 2025 were RMB17,174,000, RMB744,000, RMB535,000 and RMB600,000 (note 32). The aggregate carrying amount of the other payables recognised as at December 31, 2022, 2023 and 2024 and October 31, 2025 were RMB100,546,000, RMB82,868,000, RMB100,908,000 and RMB210,110,000 (note 31).

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

Trade receivable

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,548,655	1,128,898	2,280,109	3,859,254
1 year to 2 years	143,563	348,532	159,933	327,375
2 years to 3 years	19,091	14,460	28,979	29,809
3 years to 5 years	192	936	610	385
Over 5 years	29	32	245	—
Total	<u>1,711,530</u>	<u>1,492,858</u>	<u>2,469,876</u>	<u>4,216,823</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,375,119	1,013,260	2,026,675	3,523,978
1 year to 2 years	111,552	255,930	65,390	181,485
2 years to 3 years	8,769	9,915	22,564	7,638
3 years to 4 years	14	5	26	210
4 years to 5 years	—	4	5	1
Total	<u>1,495,454</u>	<u>1,279,114</u>	<u>2,114,660</u>	<u>3,713,312</u>

Bills receivable*The Group*

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	348,131	162,699	280,651	372,796
1 year to 2 years	207,381	88,124	67,705	35,204
2 years to 3 years	657	12,021	27,916	62,179
3 years to 4 years	—	—	—	187
Total	<u>556,169</u>	<u>262,844</u>	<u>376,272</u>	<u>470,366</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	324,045	106,985	193,190	247,414
1 year to 2 years	186,767	54,461	15,160	12,280
2 years to 3 years	—	2,881	20,052	32,516
Total	<u>510,812</u>	<u>164,327</u>	<u>228,402</u>	<u>292,210</u>

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

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	77,168	98,864	115,504	137,604
Impairment losses, net of reversal	22,634	16,282	22,243	23,755
Amount written off as uncollectible	(943)	(135)	(148)	(24)
Others	5	493	5	—
Total	<u>98,864</u>	<u>115,504</u>	<u>137,604</u>	<u>161,335</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	66,109	79,721	66,310	77,495
Impairment losses, net of reversal	13,648	(13,345)	11,269	20,037
Amount written off as uncollectible . .	(36)	(66)	(84)	(13)
Total	<u>79,721</u>	<u>66,310</u>	<u>77,495</u>	<u>97,519</u>

For trade and bills receivables at amortised cost, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the ageing of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

For certain customers with different credit risk characteristics, the Group has made individual loss allowance.

The following table details the risk profile of trade receivables:

The Group

	As at December 31, 2022		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	1,596,553	3%	47,897
1 year to 2 years	159,514	10%	15,951
2 years to 3 years	27,273	30%	8,182
3 years to 4 years	384	50%	192
4 years to 5 years	57	50%	29
Over 5 years	23	100%	23
Total	<u>1,783,804</u>	<u>4%</u>	<u>72,274</u>

As at December 31, 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	1,159,763	3%	34,781
1 year to 2 years	386,893	10%	38,701
2 years to 3 years	12,982	30%	3,895
3 years to 4 years	21	50%	10
4 years to 5 years	63	50%	32
Over 5 years	—	0%	—
Subtotal	1,559,722	5%	77,419
Trade receivable balance with different credit risk characteristics and being assessed individually	33,159	68%	22,604
Total	<u>1,592,881</u>	<u>6%</u>	<u>100,023</u>

As at December 31, 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	2,350,411	3%	70,512
1 year to 2 years	177,167	10%	17,717
2 years to 3 years	41,081	30%	12,324
3 years to 4 years	182	50%	91
4 years to 5 years	9	50%	5
Over 5 years	8	100%	8
Subtotal	2,568,858	4%	100,657
Trade receivable balance with different credit risk characteristics and being assessed individually	17,645	91%	15,970
Total	<u>2,586,503</u>	<u>5%</u>	<u>116,627</u>

As at October 31, 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	3,948,693	2%	90,253
1 year to 2 years	357,894	9%	30,818
2 years to 3 years	37,663	22%	8,234
3 years to 4 years	262	43%	113
4 years to 5 years	128	80%	102
Over 5 years	18	100%	18
Subtotal.	4,344,658	3%	129,538
Trade receivable balance with different credit risk characteristics and being assessed individually	17,880	90%	16,177
Total	4,362,538	3%	145,715

The Company

As at December 31, 2022

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	1,322,412	3%	39,672
1 year to 2 years	123,947	10%	12,395
2 years to 3 years	12,527	30%	3,758
3 years to 4 years	28	50%	14
Subtotal.	1,458,914	4%	55,839
Due from subsidiaries	92,379	0%	—
Total	1,551,293	4%	55,839

As at December 31, 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	636,603	3%	19,098
1 year to 2 years	284,152	10%	28,415
2 years to 3 years	7,198	30%	2,159
3 years to 4 years	9	50%	5
4 years to 5 years	8	50%	4
Subtotal	927,970	5%	49,681
Trade receivable balance with different credit risk characteristics and being assessed individually	14,264	64%	9,068
Due from subsidiaries	395,629	0%	—
Total	1,337,863	4%	58,749

As at December 31, 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	1,513,094	3%	45,393
1 year to 2 years	72,514	10%	7,251
2 years to 3 years	31,957	30%	9,587
3 years to 4 years	5	50%	3
4 years to 5 years	9	50%	5
Over 5 years	8	100%	8
Subtotal	1,617,587	4%	62,247
Trade receivable balance with different credit risk characteristics and being assessed individually	4,340	92%	3,996
Due from subsidiaries	558,974	0%	—
Total	2,180,901	3%	66,243

As at October 31, 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>	%	<i>RMB'000</i>
Within 1 year	2,955,287	2%	66,345
1 year to 2 years	193,773	9%	16,780
2 years to 3 years	10,107	26%	2,607
3 years to 4 years	12	42%	5
4 years to 5 years	5	80%	4
Over 5 years	18	100%	18
Subtotal.	3,159,202	3%	85,759
Trade receivable balance with different credit risk characteristics and being assessed individually	4,337	92%	3,992
Due from subsidiaries	639,524	—	—
Total	<u>3,803,063</u>	<u>2%</u>	<u>89,751</u>

The expected credit risk rate of bills receivables at amortised cost ranged from 0% to 30% during the Relevant Periods. Bills receivable at fair value through other comprehensive income is subject to impairment under the general approach and the impairment is considered to be minimal.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Current portion				
Prepayments	7,633	8,017	31,831	37,546
Deposits	6,201	10,386	6,694	6,915
Prepaid income taxes	334	2,105	—	—
Value added tax recoverable	436	19,160	17,077	48,438
Deferred listing expenses	—	—	—	12,883
Other receivables	2,335	2,167	2,606	11,810
Subtotal	16,939	41,835	58,208	117,592
Less: Impairment losses	(1,040)	(2,429)	(3,388)	(5,507)
Total current portion	15,899	39,406	54,820	112,085
Non-current portion				
Prepayments for acquisition of				
non-current assets	28,008	2,739	203	3,439
Long-term prepaid expenses	35,485	28,515	17,585	8,815
Long-term deposits	5,620	837	5,698	7,225
Other receivables	—	—	7,453	—
Value added tax recoverable	4,388	19,417	38,091	19,894
Subtotal	73,501	51,508	69,030	39,373
Less: Impairment losses	—	—	—	—
Total non-current portion	73,501	51,508	69,030	39,373
Total	89,400	90,914	123,850	151,458

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Current portion				
Prepayments	6,507	7,235	10,609	18,604
Deposits	4,360	8,083	4,502	5,941
Prepaid income taxes	—	1,766	—	—
Value added tax recoverable	48	1,684	3,814	7,878
Deferred listing expenses	—	—	—	12,883
Other receivables	2,011	1,325	1,430	6,841
Amounts due from subsidiaries	125,030	345,312	656,316	748,973
Dividend receivables	150,000	300,000	300,000	300,000
Subtotal	287,956	665,405	976,671	1,101,120
Less: Impairment losses	(828)	(1,875)	(2,485)	(3,071)
Total current portion	287,128	663,530	974,186	1,098,049
Non-current portion				
Prepayments for acquisition of				
non-current assets	208	2,617	202	1,647
Long-term prepaid expenses	35,486	28,515	17,586	8,815
Long-term deposits	5,506	448	5,319	5,335
Other receivables	—	—	7,453	—
Subtotal	41,200	31,580	30,560	15,797
Less: Impairment losses	—	—	—	—
Total non-current portion	41,200	31,580	30,560	15,797
Total	328,328	695,110	1,004,746	1,113,846

The balances of other receivables are interest-free and are not secured with collateral.

Deposits mainly represent rental deposits and deposits with suppliers. At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

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

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
At beginning of year/period	417	1,040	2,429	3,388
Impairment losses, net of reversal	623	1,378	959	2,119
Others	—	11	—	—
Total	<u>1,040</u>	<u>2,429</u>	<u>3,388</u>	<u>5,507</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
At beginning of year/period	317	828	1,875	2,485
Impairment losses, net of reversal	511	1,047	610	586
Total	<u>828</u>	<u>1,875</u>	<u>2,485</u>	<u>3,071</u>

Set out below is the information about the credit risk exposure on the financial assets included in the prepayments, other receivables and other assets using a provision matrix:

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Expected credit loss rate	7%	18%	15%	21%
Gross carrying amount	14,156	13,390	22,451	25,950
Expected credit losses	<u>1,040</u>	<u>2,429</u>	<u>3,388</u>	<u>5,507</u>

The Company

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected credit loss rate	0.29%	0.29%	0.25%	0.29%
Gross carrying amount	286,907	655,168	975,020	1,074,968
Expected credit losses	828	1,875	2,485	3,071

24. CONTRACT ASSETS**The Group**

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Retention receivables	20,114	20,282	25,705	47,048
Less: impairment.	(935)	(672)	(825)	(1,160)
Net carrying amount	19,179	19,610	24,880	45,888

The Company

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Retention receivables	15,413	15,450	18,779	35,746
Less: impairment.	(655)	(479)	(563)	(783)
Net carrying amount	14,758	14,971	18,216	34,963

Contract assets are initially recognised for revenue earned from the sale of industrial products as the receipt of consideration is conditional on successful assurance during the warranty periods. When passing the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at December 31 and October 31, is as follows:

The Group

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	18,275	18,844	24,600	41,148
After one year.	904	766	280	4,740
Total	<u>19,179</u>	<u>19,610</u>	<u>24,880</u>	<u>45,888</u>

The Company

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year.	13,854	14,971	17,936	32,494
After one year.	904	—	280	2,469
Total	<u>14,758</u>	<u>14,971</u>	<u>18,216</u>	<u>34,963</u>

The movements in the loss allowance for impairment of contract assets are as follows:

The Group

	As at December 31,			As at October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period. . .	1,412	935	672	825
(Reversal of impairment)/impairment losses, net	(477)	(263)	153	335
At the end of the year/period	<u>935</u>	<u>672</u>	<u>825</u>	<u>1,160</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period . . .	1,054	655	479	563
(Reversal of impairment)/impairment losses, net	(399)	(176)	84	220
At the end of the year/period	<u>655</u>	<u>479</u>	<u>563</u>	<u>783</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade and bills receivables as the contract assets and the trade and bills receivables are from the same customer bases. The provision rates of contract assets are based on historical data adjusted by forward-looking information. The calculation are adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Set out below is the information about the credit risk exposure on contract assets using a provision matrix:

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected credit loss rate	4.65%	3.31%	3.21%	2.47%
Gross carrying amount	20,114	20,282	25,705	47,048
Expected credit losses	<u>935</u>	<u>672</u>	<u>825</u>	<u>1,160</u>

The Company

	As at December 31,			As at
				October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected credit loss rate	4.25%	3.10%	3.00%	2.19%
Gross carrying amount	15,413	15,450	18,779	35,746
Expected credit losses	655	479	563	783

25. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at
				October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries — costs . .	573,250	885,978	931,588	979,902
Less: provision for impairment	(2,232)	(2,232)	(2,232)	(132,627)
Investments in subsidiaries	571,018	883,746	929,356	847,275

Impairment reviews on the investments in subsidiaries have been conducted by management annually as at December 31, 2023 and 2024. And due to the performance of Rayleigh Taide was well below expectations thus there was an impairment indicator for the investment in Rayleigh Taide and impairment review has been conducted by management as at October 31, 2025. Based on the result of the impairment assessment, the recoverable amount of the investment in subsidiary of Rayleigh Taide was RMB18,487,000 as at October 31, 2025. Accordingly, the Group recognised an impairment provision of approximately RMB130,395,000 for the ten months ended October 31, 2025 against the carrying amount of investment in subsidiary of Rayleigh Taide. Please refer to note 18 to the Historical Financial Information for the details.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

The Group

	As at December 31,			As at
				October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	2,986,535	1,918,781	1,939,464	1,564,000
Less: restricted cash	—	(1,816)	(333)	(542)
Less: time deposits	—	—	(400,000)	(417,114)
Total cash and cash equivalents.	<u>2,986,535</u>	<u>1,916,965</u>	<u>1,539,131</u>	<u>1,146,344</u>
Denominated in:				
United States Dollar (“USD”)	7,669	15,088	17,338	51,772
Hong Kong Dollar (“HKD”)	19,074	22,722	12,261	9,124
Renminbi (“RMB”)	2,959,792	1,879,155	1,509,532	1,084,930
Singapore Dollar (“SGD”)	—	—	—	518
Total	<u>2,986,535</u>	<u>1,916,965</u>	<u>1,539,131</u>	<u>1,146,344</u>

The Company

	As at December 31,			As at
				October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	2,893,102	1,813,981	1,690,030	1,467,760
Less: restricted cash	—	(1,816)	(330)	(542)
Less: time deposits	—	—	(400,000)	(417,114)
Total cash and cash equivalents.	<u>2,893,102</u>	<u>1,812,165</u>	<u>1,289,700</u>	<u>1,050,104</u>
Denominated in:				
USD	285	11,284	7,850	34,406
RMB	<u>2,892,817</u>	<u>1,800,881</u>	<u>1,281,850</u>	<u>1,015,698</u>
Total	<u>2,893,102</u>	<u>1,812,165</u>	<u>1,289,700</u>	<u>1,050,104</u>

As at December 31, 2023 and 2024 and October 31, 2025 included in restricted cash of RMB1,816,000, RMB330,000 and RMB542,000, respectively, was frozen by judicial authority for certain lawsuit cases.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at December 31, 2022 and 2023 and 2024 and October 31, 2025, the Group and the Company have assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

The carrying amounts of the cash and cash equivalents approximated to their fair values due to its short-term maturity.

27. TRADE AND BILLS PAYABLES

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	398,582	545,395	664,080	1,368,006
Bills payables	272,894	46,623	611,557	876,893
Total	<u>671,476</u>	<u>592,018</u>	<u>1,275,637</u>	<u>2,244,899</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	324,079	416,446	411,610	963,057
Bills payables	272,894	49,623	611,557	854,153
Total	<u>596,973</u>	<u>466,069</u>	<u>1,023,167</u>	<u>1,817,210</u>

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	391,293	529,811	652,541	1,354,535
1 to 2 years	6,270	8,713	2,046	1,816
2 to 3 years	807	6,126	3,361	3,676
over 3 years	212	745	6,132	7,979
Total	<u>398,582</u>	<u>545,395</u>	<u>664,080</u>	<u>1,368,006</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	317,270	401,709	401,539	951,776
1 to 2 years	6,158	8,120	1,235	715
2 to 3 years	562	6,031	2,878	3,180
over 3 years	89	586	5,958	7,386
Total	<u>324,079</u>	<u>416,446</u>	<u>411,610</u>	<u>963,057</u>

Trade and bills payables are non-interest-bearing and are normally settled within three months. As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

28. CONTRACT LIABILITIES

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Sale of goods	25,955	65,754	54,895	61,423

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Sale of goods	14,876	31,532	30,247	42,601

The contract liabilities represent the advances received from customers.

29. DEFERRED INCOME

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Government grants*	3,453	2,282	1,769	1,173

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Government grants*	2,713	1,662	1,105	641

* The Group's deferred income represented government grants received for projects and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. There are no unfulfilled conditions or contingencies relating to these grants.

30. PROVISION

The Group

	Warranty	Contingencies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	35,560	—	35,560
Provision for the year	26,998	613	27,611
Amounts utilised during the year	<u>(33,081)</u>	<u>—</u>	<u>(33,081)</u>
At December 31, 2022 and January 1,			
2023	29,477	613	30,090
Provision for the year	13,082	478	13,560
Amounts utilised during the year	<u>(28,691)</u>	<u>(613)</u>	<u>(29,304)</u>
At December 31, 2023 and January 1,			
2024	13,868	478	14,346
Provision for the year	33,553	358	33,911
Amounts utilised during the year	<u>(25,686)</u>	<u>(160)</u>	<u>(25,846)</u>
At December 31, 2024 and January 1,			
2025	21,735	676	22,411
Provision for the period	31,401	(300)	31,101
Amounts utilised during the period	<u>(13,468)</u>	<u>(136)</u>	<u>(13,604)</u>
At October 31, 2025	<u>39,668</u>	<u>240</u>	<u>39,908</u>

The Company

	Warranty	Contingencies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	35,286	—	35,286
Provision for the year	26,852	507	27,359
Amounts utilised during the year.	<u>(32,780)</u>	<u>—</u>	<u>(32,780)</u>
At December 31, 2022 and January 1,			
2023	29,358	507	29,865
Provision for the year	12,539	478	13,017
Amounts utilised during the year.	<u>(28,334)</u>	<u>(507)</u>	<u>(28,841)</u>
At December 31, 2023 and January 1,			
2024	13,563	478	14,041
Provision for the year	32,718	358	33,076
Amounts utilised during the year.	<u>(25,305)</u>	<u>(160)</u>	<u>(25,465)</u>
At December 31, 2024 and January 1, 2025	20,976	676	21,652
Provision for the period	30,786	(300)	30,486
Amounts utilised during the period	<u>(13,306)</u>	<u>(136)</u>	<u>(13,442)</u>
At October 31, 2025	<u>38,456</u>	<u>240</u>	<u>38,696</u>

The Group generally provides warranties from 12 months to 24 months to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

31. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Payroll and welfare payables	304,272	204,448	179,436	250,732
Endorsed bills receivable that have not been derecognised and not yet due	100,546	82,868	100,908	210,110
Payable for acquisition of non-current assets	51,033	56,301	100,318	105,087
Other tax payables	37,066	19,615	15,836	15,052
Accruals	9,439	14,768	14,336	9,131
Deposits	971	877	691	864
Others	—	1,583	56	—
Total	<u>503,327</u>	<u>380,460</u>	<u>411,581</u>	<u>590,976</u>

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Payroll and welfare payables	262,544	168,012	133,597	200,418
Endorsed bills receivable that have not been derecognised and not yet due	71,947	54,954	59,742	105,242
Payable for acquisition of non-current assets	10,412	2,629	4,790	7,620
Other tax payables	27,670	11,816	8,728	9,058
Accruals	7,090	7,670	9,008	7,340
Deposits	848	779	602	753
Other payables to subsidiaries	—	686	2,251	—
Total	<u>380,511</u>	<u>246,546</u>	<u>218,718</u>	<u>330,431</u>

32. INTEREST-BEARING BORROWINGS

The Group and the Company

As at December 31, 2022			
	<i>Effective interest</i>		<i>RMB'000</i>
	<i>rates (%)</i>	<i>Maturity</i>	
Current			
Discounted unmatured bills	1.60%	2023	17,174

As at December 31, 2023			
	<i>Effective interest</i>		<i>RMB'000</i>
	<i>rates (%)</i>	<i>Maturity</i>	
Current			
Bank loans — unsecured	2.75%-2.8%	2024	75,000
Discounted unmatured bills	1.27%	2024	744
Total			75,744

As at December 31, 2024			
	<i>Effective interest</i>		<i>RMB'000</i>
	<i>rates (%)</i>	<i>Maturity</i>	
Current			
Current portion of long-term bank loans — unsecured	2.40%-2.63%	2025	1,891
Discounted unmatured bills	0.85%	2025	535
Total — current			2,426
Non-current			
Bank loans — unsecured	2.40%-2.63%	2026-2027	211,050
Total			213,476

The Group

	As at October 31, 2025		
	<i>Effective interest rates (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank loans — unsecured (<i>note</i>)	2.08%–3.00%	2025–2026	614,215
Current portion of long-term bank loans — unsecured	2.28%–2.4%	2025–2026	31,080
Discounted unmatured bills	1.02%	2025	600
Total — current			<u>645,895</u>
Non-current			
Bank loans — unsecured	2.40%	2027	179,960
Total			<u><u>825,855</u></u>

The Company

	As at October 31, 2025		
	<i>Effective interest rates (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank loans — unsecured (<i>note</i>)	2.08%–3.00%	2025–2026	614,215
Current portion of long-term bank loans — unsecured	2.28%–2.4%	2025–2026	31,080
Total — current			<u>645,295</u>
Non-current			
Bank loans — unsecured	2.40%	2027	179,960
Total			<u><u>825,255</u></u>

Note: The financial liabilities that are part of the Group's supplier finance arrangements included in interest-bearing borrowings are normally settled on 90-day terms.

The Group has established supplier finance arrangements that are offered to some of the Group's key suppliers in Chinese mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, the Group pays a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have

been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

All financial liabilities that are part of the supplier finance arrangements are included in interest-bearing borrowings in the statement of financial position.

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Interest-bearing borrowings of which suppliers have received payments . .	—	—	—	27,727

An analysis of the maturity of borrowings is as follows:

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Analysed into:				
Bank loan and other borrowings repayable:				
Within one year or on demand.	17,174	75,744	2,426	645,895
In the second year	—	—	31,100	20
In the third year.	—	—	179,950	179,940
Total	<u>17,174</u>	<u>75,744</u>	<u>213,476</u>	<u>825,855</u>

The Group's bank loans are all denominated in RMB.

33. LIABILITIES FROM CONTINGENT CONSIDERATION

Pursuant to the acquisition agreement entered into between the Company and the then shareholder of the 60% equity interest in Rayleigh Taide on May 30, 2023, the total consideration shall be adjusted with reference to the net profit of Rayleigh Taide for the years ended December 31, 2023, 2024 and 2025 (the “**Contingent Consideration**”). The Contingent Consideration is measured at fair value through profit or loss and the fair value was assessed by an independent professional valuer.

The Group and the Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Payable for acquisition of Rayleigh Taide	—	68,683	8,523	—

Significant unobservable valuation inputs for the fair value measurement of the contingent consideration are as follows:

Discount rate	1.05% to 2.34%
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A significant increase/(decrease) in the discount rate would result in a significant decrease/(increase) in the fair value of the contingent consideration liability.

34. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Impairment of inventories	Impairment losses on financial assets	Share-based payment	Warranty	Accrued expenses	Deferred income	Depreciation and amortisation allowance in excess of related depreciation	Tax losses	Unsettled payroll payables	Temporary difference on unrealised profit from intra-group transactions	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022.	2,884	11,646	3,750	5,334	195	670	162	1,217	24,472	94	418	50,842
Deferred tax credited/(charged) to												
profit or loss	2,187	3,345	(3,750)	(912)	1,498	(152)	102	416	4,188	(33)	297	7,186
Deferred tax charged to equity	—	—	—	—	—	—	—	—	—	84	—	84
Gross deferred tax assets at												
December 31, 2022 and January 1,												
2023	5,071	14,991	—	4,422	1,693	518	264	1,633	28,660	145	715	58,112
Deferred tax credited/(charged) to												
profit or loss	2,125	(1,567)	1,892	(2,270)	(283)	(176)	93	21,701	(13,679)	1,590	11,381	20,807
Deferred tax charged to equity	—	281	—	—	—	—	—	—	—	—	—	281
Gross deferred tax assets at												
December 31, 2023 and January 1,												
2024	7,196	13,705	1,892	2,152	1,410	342	357	23,334	14,981	1,735	12,096	79,200
Deferred tax credited/(charged) to												
profit or loss	(2,396)	4,436	20,200	1,210	106	(76)	164	(21,279)	(8,488)	(864)	(5,361)	(12,348)
Deferred tax charged to equity	—	4	—	—	—	—	—	—	—	—	—	4
Gross deferred tax assets at												
December 31, 2024 and January 1,												
2025	4,800	18,145	22,092	3,362	1,516	266	521	2,055	6,493	871	6,735	66,856
Deferred tax credited/(charged) to												
profit or loss	3,368	5,649	(5,783)	2,813	2,361	(90)	81	(177)	23,605	136	(1,324)	30,639
Deferred tax charged to equity	—	(4)	—	—	—	—	—	—	—	—	—	(4)
Gross deferred tax assets at October												
31, 2025.	8,168	23,790	16,309	6,175	3,877	176	602	1,878	30,098	1,007	5,411	97,491

The Company

	Impairment of inventories	Impairment losses on financial assets	Share-based payment	Warranty	Accrued expenses	Deferred income	Depreciation and amortisation allowance in excess of related depreciation	Tax losses	Unsettled payroll payables	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	1,639	10,122	3,100	5,293	195	541	137	—	23,094	15,036	59,157
Deferred tax credited/(charged) to profit or loss	1,996	2,059	(3,100)	(813)	1,406	(134)	104	—	5,056	(231)	6,343
Gross deferred tax assets at December 31, 2022 and January 1, 2023	3,635	12,181	—	4,480	1,601	407	241	—	28,150	14,805	65,500
Deferred tax credited/(charged) to profit or loss	2,695	(1,881)	1,652	(2,374)	(543)	(158)	116	18,267	(13,169)	(6,492)	(1,887)
Gross deferred tax assets at December 31, 2023 and January 1, 2024	6,330	10,300	1,652	2,106	1,058	249	357	18,267	14,981	8,313	63,613
Deferred tax credited/(charged) to profit or loss	(2,027)	1,782	17,732	1,142	290	(84)	127	(18,267)	(8,523)	(3,603)	(11,431)
Gross deferred tax assets at December 31, 2024 and January 1, 2025	4,303	12,082	19,384	3,248	1,348	165	484	—	6,458	4,710	52,182
Deferred tax credited/(charged) to profit or loss	1,260	3,083	(3,072)	2,555	1,987	(69)	118	—	23,605	(2,243)	27,224
Gross deferred tax assets at October 31, 2025	<u>5,563</u>	<u>15,165</u>	<u>16,312</u>	<u>5,803</u>	<u>3,335</u>	<u>96</u>	<u>602</u>	<u>—</u>	<u>30,063</u>	<u>2,467</u>	<u>79,406</u>

Deferred tax liabilities

The Group

	Right-of-use assets	Depreciation difference between the useful lives of long-term assets	Fair value adjustment from business combination	Fair value adjustments of Liabilities from contingent consideration	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	—	—	—	—	11,115	11,115
Deferred tax charged/(credited) to profit or loss	—	1,044	—	—	(8,365)	(7,321)
Gross deferred tax liabilities at December 31, 2022 and January 1, 2023	—	1,044	—	—	2,750	3,794
Deferred tax charged/(credited) to profit or loss	11,437	(357)	2,304	—	—	13,384
Gross deferred tax liabilities at December 31, 2023 and January 1, 2024	11,437	687	2,304	—	2,750	17,178
Deferred tax charged/(credited) to profit or loss	(5,208)	(159)	—	9,024	1,118	4,775
Gross deferred tax liabilities at December 31, 2024 and January 1, 2025	6,229	528	2,304	9,024	3,868	21,953
Deferred tax charged/(credited) to profit or loss	(1,025)	(131)	—	(9,024)	1,649	(8,531)
Gross deferred tax liabilities at October 31, 2025	<u>5,204</u>	<u>397</u>	<u>2,304</u>	<u>—</u>	<u>5,517</u>	<u>13,422</u>

The Company

	Right-of-use assets	Fair value adjustments of Liabilities from contingent consideration	Depreciation difference between the useful lives of long-term assets	Other	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022.	14,632	—	—	—	14,632
Deferred tax charged/(credited) to profit or loss	(443)	—	783	—	340
Gross deferred tax liabilities at December 31, 2022 and January 1, 2023	14,189	—	783	—	14,972
Deferred tax credited to profit or loss.	(6,442)	—	(265)	—	(6,707)
Gross deferred tax liabilities at December 31, 2023 and January 1, 2024	7,747	—	518	—	8,265
Deferred tax charged/(credited) to profit or loss	(3,471)	9,024	(124)	1,118	6,547
Gross deferred tax liabilities at December 31, 2024 and January 1, 2025	4,276	9,024	394	1,118	14,812
Deferred tax charged/(credited) to profit or loss	(1,992)	(9,024)	(103)	1,449	(9,670)
Gross deferred tax liabilities at October 31, 2025	2,284	—	291	2,567	5,142

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

The Group

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Net deferred tax assets recognised in the consolidated statement of financial position	58,112	67,085	49,967	89,338
Net deferred tax liabilities recognised in the consolidated statement of financial position	3,794	5,063	5,064	5,269

The Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Net deferred tax assets recognised in the statement of financial position . .	51,311	55,348	37,370	74,264

As at December 31, 2022, 2023, and 2024 and October 31, 2025, the Group had unutilised tax losses of approximately RMB29,309,000, RMB60,522,000, RMB87,673,000 and RMB129,297,000, which will expire in one to ten years for offsetting against future taxable profits. As at December 31, 2023, and 2024 and October 31, 2025, the Group did not recognise deferred tax assets in respect of the deductible temporary differences of RMB38,734,000, RMB35,534,000, and RMB14,322,000. Due to the unpredictability of future profit streams, no deferred tax assets had been recognised for the above unused tax losses and deductible temporary differences.

35. SHARE CAPITAL

The Group and the Company

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
Issued and fully paid:				RMB'000
Ordinary shares of RMB1.00 each.	420,000	420,000	420,000	425,509

A summary of movements in the Company's share capital is as follows:

	Number of	Share capital
	shares in issue	RMB'000
At January 1, 2022	378,000	378,000
Issue of shares (<i>note a</i>)	42,000	42,000
At December 31, 2022, January 1, 2023, December 31, 2023, January 1, 2024 and December 31, 2024 and January 1, 2025	420,000	420,000
Issue of shares (<i>note b</i>)	5,509	5,509
At October 31, 2025	425,509	425,509

Notes:

- (a) On February 16, 2022, the Company issued 42,000,000 shares under the initial public offering on the Shenzhen Stock Exchange at a price of RMB76.56 per shares for net cash proceeds of RMB3,081,779,000. The amount of RMB42,000,000 and RMB3,039,779,000 were credited to the Company's share capital and share premium, respectively.
- (b) On May 28, 2025, the Company issued 5,509,152 shares upon the exercise of the vested share options granted under the 2023 Restricted Share Incentive Scheme.

36. SHARE-BASED PAYMENT**Equity-Settled shared-based payment arrangement***(a) 2019 Share Incentive Scheme*

Han's Laser, the immediate holding company of the Group, approved the establishment of the restricted shares incentive scheme for 2019 at the second extraordinary annual shareholders' meeting (the "**2019 Share Incentive Scheme**") on September 11, 2019, with the purpose of incentivizing the management members and core employees of Han's Laser and the Group to further promote the development and in recognition of their contributions. Under the 2019 Share Incentive Scheme, 181 employees, officers and directors of the Group was granted with 6,597,188 shares of type II restricted shares of Han's Laser. The grant date was September 11, 2019, and the exercise price of RMB30.57 per share. The vesting periods for restricted shares granted are 1 year, 2 years and 3 years from 8 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 33%, 33% and 34% of restricted shares of Han's Laser will be vested respectively.

(b) 2023 Share Incentive Scheme

The Company approved the establishment of the restricted shares incentive scheme for 2023 at the second extraordinary annual shareholders' meeting (the "**2023 Share Incentive Scheme**") on December 8, 2023 with the purpose of incentivizing the management members and core employees of the Group to further promote the development and in recognition of their contributions. Under the 2023 Share Incentive Scheme, the Company granted 16,800,000 shares of type II restricted shares of the Company to 388 employees, officers and directors on December 8, 2023, with an exercise price of RMB19.38 per share. The vesting periods for restricted shares granted are 1 year, 2 years and 3 years from 4 months after the grant date. According to the Company's performance appraisal and individual performance appraisal, 33%, 33% and 34% of restricted shares plan will be vested respectively.

(c) A summary of activities of the 2019 Share Incentive Scheme during the year ended December 31, 2022 is presented as follows:

	<u>Year ended December 31, 2022</u>	
	<u>Weighted average exercise price per share</u>	<u>Number of options</u>
	<i>RMB per share</i>	
At January 1	29.77*	2,271,356
Granted during the year	—	—
Forfeited during the year	29.77	(2,184,692)
Exercised during the year	29.77	(86,664)
At December 31	—	—

* The exercise price of the share options of RMB29.77 has been adjusted for i) the distribution of cash dividend of RMB2 per 10 shares in July 2020, ii) the distribution of cash dividend of RMB2 per 10 shares in May 2021, and iii) the distribution of cash dividend of RMB4 per 10 shares in April 2022.

A summary of activities of the 2023 Share Incentive Scheme is presented as follows:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2024</u>	
	<u>Weighted average exercise price per share</u>	<u>Number of options</u>	<u>Weighted average exercise price per share</u>	<u>Number of options</u>
	<i>RMB per share</i>		<i>RMB per share</i>	
At January 1	—	—	19.38	16,800,000
Granted during the year	19.38	16,800,000	—	—
Forfeited during the year	—	—	19.38	(77,100)
Exercised during the year	—	—	—	—
At December 31	19.38	16,800,000	19.38	16,722,900

	Ten months ended October 31, 2025	
	Weighted average exercise price per share	Number of options
	<i>RMB per share</i>	
At January 1	19.38	16,722,900
Granted during the period	—	—
Forfeited during the period	18.98	(79,487)
Exercised during the period	18.98 ^{&}	(5,509,152)
At October 31,	18.98	<u>11,134,261</u>

[&] The exercise price of the share options of RMB18.98 has been adjusted for the distribution of cash dividend of RMB4 per 10 shares in May 2025.

The weighted average share price at the date of exercise for share options exercised during the Relevant Periods were RMB31.99, nil, nil and RMB38.32 per share, respectively.

The exercise prices and exercise periods of the share-based payments outstanding as at December 31, 2023 and 2024 and October 31, 2025 are as follows:

December 31, 2023

Number of options	Exercise price*	Exercise period
	<i>RMB per share</i>	
5,544,000	19.38	April 2025–April 2026
5,544,000	19.38	April 2026–April 2027
5,712,000	19.38	April 2027–April 2028
<u>16,800,000</u>		

December 31, 2024

Number of options	Exercise price*	Exercise period
	<i>RMB per share</i>	
5,518,557	19.38	April 2025–April 2026
5,518,557	19.38	April 2026–April 2027
5,685,786	19.38	April 2027–April 2028
<u>16,722,900</u>		

October 31, 2025

Number of options	Exercise price*	Exercise period
	<i>RMB per share</i>	
5,484,039	18.98	April 2026–April 2027
5,650,222	18.98	April 2027–April 2028
<u>11,134,261</u>		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus share issues, or other similar changes in the Company's share capital.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	<u>2023 Share Incentive Scheme</u>
Exercise price per share	RMB19.38
Expiry date	Respective annual due dates
Share price at grant date per share	RMB37.05
Expected volatility of the Company's shares	18.36%–23.03%
Expected dividend yield	0%
Risk-free interest rate	1.50%–2.75%

The fair value of the share options granted during the year ended December 31, 2023 was RMB315,020,000.

Share-based payment expenses

Share-based payment expenses during the Relevant Periods are as follows:

	Year ended December 31,			Ten months ended October 31,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity-settled share-based payments . .	(10,260)	12,736	152,071	82,092

37. RESERVES**The Group**

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

(a) Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share options as set out in note 36 to the Historical Financial Information.

(c) Other reserve

During the year ended December 31, 2023, the Group acquired additional equity interests in a subsidiary from non-controlling shareholder at the consideration of RMB3,553,000. The difference of RMB1,877,000 between the carrying value of the non-controlling interest and the consideration paid was recorded as other reserve.

The other reserve arising on the decrease of share of net asset of an associate of the Group due to the withdrawal of certain shareholders of the associate at a price higher than the share of net assets as stipulated in the relevant investment agreements entered into between the associate and the investors.

(d) Translation reserve

The Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.3 to the Historical Financial Information.

(e) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Other reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(note 36)				
At January 1, 2022	1,015,103	20,664	190	100,111	750,995	1,887,063
Total comprehensive income for the year	—	—	—	—	457,454	457,454
Dividends declared	—	—	—	—	(168,000)	(168,000)
Issue of shares	3,039,779	—	—	—	—	3,039,779
Transfer of share option reserve upon the forfeiture or expiry of share option	12,220	(12,220)	—	—	—	—
Share-based payment compensation	—	(8,444)	—	—	—	(8,444)
Transfer from retained profits	—	—	—	45,745	(45,745)	—
At December 31, 2022	<u>4,067,102</u>	<u>—</u>	<u>190</u>	<u>145,856</u>	<u>994,704</u>	<u>5,207,852</u>
At January 1, 2023	4,067,102	—	190	145,856	994,704	5,207,852
Total comprehensive income for the year	—	—	—	—	284,442	284,442
Dividends declared	—	—	—	—	(1,197,000)	(1,197,000)
Share-based payment compensation	—	12,736	—	—	—	12,736
Transfer from retained profits	—	—	—	28,444	(28,444)	—
At December 31, 2023	<u>4,067,102</u>	<u>12,736</u>	<u>190</u>	<u>174,300</u>	<u>53,702</u>	<u>4,308,030</u>
At January 1, 2024	4,067,102	12,736	190	174,300	53,702	4,308,030
Total comprehensive income for the year	—	—	—	—	294,524	294,524
Share-based payment compensation	—	152,071	—	—	—	152,071
Transfer from retained profits	—	—	—	29,452	(29,452)	—
At December 31, 2024	<u>4,067,102</u>	<u>164,807</u>	<u>190</u>	<u>203,752</u>	<u>318,774</u>	<u>4,754,625</u>
At January 1, 2025	4,067,102	164,807	190	203,752	318,774	4,754,625
Total comprehensive income for the period	—	—	—	—	357,380	357,380
Dividends declared	—	—	—	—	(168,000)	(168,000)
Exercise of share options	198,490	(99,440)	—	—	—	99,050
Share-based payment compensation	—	82,092	—	—	—	82,092
At October 31, 2025	<u>4,265,592</u>	<u>147,459</u>	<u>190</u>	<u>203,752</u>	<u>508,154</u>	<u>5,125,147</u>

38. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests is set out below:

	As at December 31,		As at
	2023	2024	October 31,
			2025
Percentage of equity interest held by non-controlling interests:			
Rayleigh Taide	30%	30%	30%
	<u>30%</u>	<u>30%</u>	<u>30%</u>
	As at December 31,		As at
	2023	2024	October 31,
			2025
Profit/(loss) for the year/period allocated to non-controlling interests:			
Rayleigh Taide	1,291	(1,598)	(436)
	<u>1,291</u>	<u>(1,598)</u>	<u>(436)</u>
Accumulated balances of non-controlling interests at the reporting date:			
Rayleigh Taide	11,052	9,454	9,018
	<u>11,052</u>	<u>9,454</u>	<u>9,018</u>

The following table illustrates the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Rayleigh Taide

	As at December 31,		As at
	2023	2024	October 31,
	RMB'000	RMB'000	2025
Revenue	31,483	36,538	37,353
Total expenses	26,091	41,866	38,806
Profit/(loss) for the year/period	5,392	(5,328)	(1,453)
Total comprehensive income/(loss) for the year/period	<u>5,392</u>	<u>(5,328)</u>	<u>(1,453)</u>
Current assets	44,170	39,150	44,377
Non-current assets	10,225	7,295	5,281
Current liabilities	13,334	11,962	18,080
Non-current liabilities	<u>3,097</u>	<u>1,437</u>	<u>—</u>
Net cash flows from/(used in) operating activities	3,862	2,545	(6,107)
Net cash flows used in investing activities .	(295)	(31)	(190)
Net cash flows used in financing activities .	(957)	(1,845)	(1,537)
Effect of foreign exchange rate changes, net	<u>37</u>	<u>98</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,647</u>	<u>767</u>	<u>(7,834)</u>

39. BUSINESS COMBINATION

On May 30, 2023, the Group acquired a 60% interest in Rayleigh Taide from an independent third party at a cash consideration of RMB145,200,000. Rayleigh Taide is engaged in research, manufacturing and trading of coating tools. The acquisition was made as part of the Group's strategy to expand its market share of industrial products. Upon completion of the acquisitions, Rayleigh Taide became a subsidiary of the Group. Prior to the acquisition, the Group had 10% interest in Rayleigh Taide accounted for as an interest in an associate using equity method. The Group accordingly remeasured the fair value of its pre-existing interest in Rayleigh Taide at the acquisition date and recognised the resulting gains of RMB15,360,000 in profit or loss.

Details of the carrying value and fair value of the Group's pre-existing interest in Rayleigh Taide at the acquisition date are summarised as follows:

	2023
	<i>RMB'000</i>
Fair value of pre-existing interest	18,615
Less: carrying amounts of the Group's share of net assets.	(3,255)
Gain on remeasurement of pre-existing interest in Rayleigh Taide	<u>15,360</u>

The fair values of the identifiable assets and liabilities of Rayleigh Taide as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB'000</i>
Cash and cash equivalent		7,431
Trade and bills receivables		23,457
Prepayments, other receivables and other assets		333
Inventories		4,035
Property, plant and equipment.	<i>15</i>	5,569
Right-of-use assets	<i>17(a)</i>	174
Deferred tax assets	<i>34</i>	281
Trade payables		(2,831)
Other payables and accruals		(4,307)
Income tax payable		(1,428)
Lease liabilities.	<i>17(b)</i>	(177)
Total identifiable net assets at fair value		<u>32,537</u>
Non-controlling interests		(9,761)
Goodwill on acquisition	<i>18</i>	<u>141,039</u>
		<u>163,815</u>
Satisfied by:		
Cash		76,517
Liabilities from contingent consideration.		68,683
Fair value of remeasurement of pre-existing interest in Rayleigh Taide classified as interest in an associate at the date of acquisition.		<u>18,615</u>
		<u>163,815</u>

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB23,457,000 and RMB333,000, respectively. The gross contractual amounts of trade and bills receivables and other receivables were RMB23,946,000 and RMB343,000, respectively, of which trade and bills receivables of RMB489,000 and other receivables of RMB10,000 are expected to be uncollectible.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the amount of profit before tax of Rayleigh Taide during the 2-year period subsequent to the acquisition. The initial amount recognised was RMB68,683,000 which was determined using the discounted cash flow model and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders on December 31, 2025.

An analysis of the cash flows in respect of the acquisition of a subsidiary during the year ended December 31, 2023 is as follows:

	<i>RMB'000</i>
Cash consideration	76,517
Cash and bank balances acquired	<u>(7,431)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>69,086</u></u>

Since the acquisition, Rayleigh Taide contributed revenue of RMB30,695,000 and the profit of RMB5,537,000 to the Group for the period from the acquisition date to December 31, 2023.

Had the combination taken place at the beginning of the year ended December 31, 2023, the revenue and the profit of the Group for the year would have been RMB1,657,140,000 and RMB141,164,000, respectively.

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

During the Relevant Periods and ten months ended October 31, 2024, the Group had non-cash additions to right-of-use assets of RMB42,178,000, RMB8,077,000, RMB4,923,000, RMB17,763,000 and RMB4,923,000 (unaudited) and non-cash additions to lease liabilities of RMB42,178,000, RMB8,077,000, RMB4,923,000, RMB17,763,000 and RMB4,923,000 (unaudited), respectively, in respect of lease arrangements for buildings.

During the Relevant Periods and ten months ended October 31, 2024, the Group had non-cash reduction to trade and bills receivables of RMB32,228,000, RMB18,636,000, RMB3,830,000, RMB4,500,000, and RMB3,593,000 (unaudited) and non-cash reduction to interest-bearing borrowings of RMB32,228,000, RMB18,636,000, RMB3,830,000, RMB4,500,000, and RMB3,593,000 (unaudited), respectively, in respect of bills receivables discounted that are not derecognised in their entirety.

During the Relevant Periods and ten months ended October 31, 2024, the Group had non-cash reduction to trade and bills receivables of RMB303,233,000, RMB380,377,000, RMB695,221,000, RMB905,836,000 and RMB469,671,000 (unaudited) and non-cash reduction to other payables of RMB303,233,000, RMB380,377,000, RMB695,221,000, RMB905,836,000 and RMB469,671,000 (unaudited), respectively, in respect of bills receivables endorsed that are not derecognised in their entirety.

During the ten months ended October 31, 2025, the Group reclassified trade payables of RMB27,727,000 to interest-bearing borrowings in respect of the supplier finance arrangements (note 32).

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2022	641,370	132,634	774,004
Changes from financing cash flows	(602,534)	(45,259)	(647,793)
Derecognition of discounted bills receivables upon their maturity	(32,228)	—	(32,228)
New lease addition	—	42,178	42,178
Accretion of interest	10,566	6,410	16,976
Lease termination	—	(7,493)	(7,493)
At December 31, 2022 and January 1, 2023	17,174	128,470	145,644
Changes from financing cash flows	75,357	(44,707)	30,650
Derecognition of discounted bills receivables upon their maturity	(18,636)	—	(18,636)
New lease addition	—	8,077	8,077
Increase arising from acquisition of a subsidiary (<i>note 39</i>)	—	177	177
Accretion of interest	1,849	4,789	6,638
Lease termination	—	(16,298)	(16,298)
At December 31, 2023 and January 1, 2024	75,744	80,508	156,252
Changes from financing cash flows	134,542	(39,244)	95,298
Derecognition of discounted bills receivables upon their maturity	(3,830)	—	(3,830)
New lease addition	—	4,923	4,923
Accretion of interest	7,020	3,041	10,061
Lease termination	—	(1,714)	(1,714)
At December 31, 2024 and January 1, 2025	213,476	47,514	260,990
Changes from financing cash flows	577,215	(31,675)	545,540
Derecognition of discounted bills receivables upon their maturity	(4,500)	—	(4,500)
New lease addition	—	17,763	17,763
Accretion of interest	11,937	1,533	13,470
Increase arising from supplier finance arrangements	27,727	—	27,727
Lease termination	—	(874)	(874)
At October 31, 2025	825,855	34,261	860,116

	Interest-bearing	Lease liabilities	Total
	borrowings		
	<i>RMB'000</i>		
At December 31, 2023 and			
January 1, 2024	75,744	80,508	156,252
Changes from financing cash flows			
(unaudited)	(28,081)	(33,437)	(61,518)
Derecognition of discounted bills			
receivables upon their maturity			
(unaudited)	(3,593)	—	(3,593)
New lease addition (unaudited)	—	4,923	4,923
Accretion of interest (unaudited)	6,582	2,506	9,088
Lease termination (unaudited)	—	(774)	(774)
At October 31, 2024 (unaudited)	<u>50,652</u>	<u>53,726</u>	<u>104,378</u>

(c) Total cash outflow for leases

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

	As at December 31,			As at October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Within operating					
activities	20,517	15,585	18,075	15,724	23,428
Within financing					
activities	50,864	49,650	40,756	34,949	37,584
	<u>71,381</u>	<u>65,235</u>	<u>58,831</u>	<u>50,673</u>	<u>61,012</u>

41. CONTINGENT LIABILITIES**Outstanding letters of guarantee**

The Group had the following outstanding letters of guarantee issued by banks at the end of each of the Relevant Periods:

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Outstanding letters of guarantee	25,507	25,507	35,507	45,507

42. PLEDGE OF ASSETS

As at December 31, 2022, 2023 and 2024 and October 31, 2025, the Group had no pledge of assets.

43. COMMITMENTS

The Group had the following contractual commitments at the end of the Relevant Periods:

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment and other non-current assets	57,990	244,689	139,668	118,431

44. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Han's Laser Technology Industry Group Co., Ltd. (note (i)) 大族激光科技產業集團股份有限公司	The immediate holding company
Mr. Gao Yunfeng 高雲峰	The ultimate controlling person
Mr. Yang Chaohui 楊朝輝	Director and General Manager of the Company
Shenzhen Han's Motor Technology Co., Ltd. (note (i)) 深圳市大族電機科技有限公司	Controlled by the immediate holding company
Han's Tiancheng Semiconductor Co., Ltd. (note (i)) 北京 大族天成半導體技術有限公司	An associate of the immediate holding company
GYX Optoelectronics Co., Ltd. (note (i)) 深圳國治星光電 科技股份有限公司	Controlled by the immediate holding company
Han's Laser Intelligent Equipment Group Co., Ltd. (note (i)) 大族激光智慧裝備集團有限公司	Controlled by the immediate holding company
Shenzhen Han's Super Energy Laser Technology Co., Ltd. (note (i)) 深圳市大族超能激光科技有限公司	Controlled by the immediate holding company
Guangdong Yueming Intelligent Equipment Co., Ltd. (note (i)) 廣東粵銘智能裝備股份有限公司	Controlled by the immediate holding company
Shenzhen Han's Smart Tech Co., Ltd. (note (i)) 深圳市思 特光學科技有限公司 (曾用名：深圳市大族思特科技有 限公司)*	Controlled by the immediate holding company

* Pursuant to relevant regulatory requirement governing disclosure of related party transactions, Shenzhen Han's Smart Tech Co., Ltd. was still regarded as a related party of the Group in the following twelve months up to February 2025 after its cessation as an subsidiary of Han's Laser in February 2024. Therefore, the amount of related party transactions with Shenzhen Han's Smart Tech Co., Ltd. during the Relevant Period covered from February 2024 to February 2025, and the balance of transactions as at October 31, 2025 will no longer be presented.

Name of related parties	Relationship with the Group
Shenzhen Han's Property Management Co., Ltd. (note (i)) 深圳市大族物業管理有限公司.....	Controlled by the ultimate controlling person
Dazu Holdings Group Co., Ltd.(note (i)) 大族控股集團有限公司.....	The parent company of the immediate holding company
HAN'S LASER TECHNOLOGY CO., LIMITED. (note (i)) 大族激光科技股份有限公司.....	Controlled by the immediate holding company
Shenzhen Han's Cloud Technology Co., Ltd. (note (i)) 深圳市大族雲成科技有限公司.....	Controlled by the immediate holding company
Shenzhen Han's Vision Technology Co., Ltd. (note (i)) 深圳市大族視覺技術有限公司.....	Controlled by the immediate holding company
Shenzhen Hansheng Refrigeration Technology Co., Ltd. (note (i)) 深圳市漢盛製冷科技有限公司.....	Controlled by the immediate holding company
Guangdong Huayan Robot Co., Ltd. (Former Name: Shenzhen Han's Robot Co., Ltd.) (note (i)) 廣東華沿機器人有限公司(曾用名：深圳市大族機器人有限公司).....	An associate of the parent company
Zhejiang Guoyexing Intelligent Manufacturing Technology Co., Ltd. (note (i)) 浙江國冶星智造技術有限公司.....	Controlled by the immediate holding company
Shenzhen Han's HGC Laser Technology Co., Ltd. (note (i)) 深圳市大族和光科技有限公司.....	Controlled by the immediate holding company
Dongguan Han Chuan Technology Co., Ltd. Shenzhen Branch (note (i)) 東莞市漢傳科技有限公司深圳分公司.....	Controlled by the immediate holding company
Shenzhen Han's Intelligent Control Technology Co., Ltd. (note (i)) 深圳市大族智能控制科技有限公司.....	Controlled by the immediate holding company
Tianjin Tiancheng Optoelectronic Technology Co., Ltd. (note (i)) 天津大族天成光電技術有限公司.....	An associate of the parent company
Han's Laser E-Commerce Trade (Shenzhen) Co., Ltd. (note (i)) 大族激光電子商務貿易(深圳)有限公司.....	Controlled by the immediate holding company

Name of related parties	Relationship with the Group
Shenzhen Han's Machine Tool Technology Co., Ltd. (note (i)) 深圳市大族機床科技有限公司.....	Controlled by the immediate holding company
Shenzhen Han's Semiconductor Equipment Technology Co., Ltd. (note (i)) 深圳市大族半導體裝備科技有限公司	Controlled by the immediate holding company
Yancheng Han's Machine Tool Technology Co., Ltd. (note (i)) 鹽城市大族機床科技有限公司.....	Controlled by the immediate holding company
Shenzhen Mingxin (note (i)) 深圳明信.....	An associate
HANS HIGH-TECH SINGAPORE PTE. LTD	Controlled by the immediate holding company
Shenzhen Yue'an Elevator Engineering Co., Ltd (note (i)) 深圳市悦安電梯工程有限公司	Controlled by the ultimate controlling person

Note:

- (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material related party transactions during the Relevant Periods and the ten months ended October 31, 2024:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Revenue from goods and services					
Han's Laser Technology Industry					
Group Co., Ltd.	7,329	2,255	884	872	1,216
Shenzhen Mingxin	11	249	14	14	27
Guangdong Huayan Robot Co., Ltd..	60	—	38	38	—
Shenzhen Han's Smart Tech Co., Ltd.	—	30	—	—	—
Shenzhen Hansheng Refrigeration Technology Co., Ltd.	—	27	—	—	—
Shenzhen Han's Machine Tool Technology Co., Ltd.	—	11	33	11	88
Shenzhen Han's Semiconductor Equipment Technology Co., Ltd..	—	91	—	—	—
Yancheng Han's Machine Tool Technology Co., Ltd.	—	—	13	11	—
HANS HIGH-TECH SINGAPORE PTE. LTD.	—	—	—	—	4,038
Zhejiang Guoyexing Intelligent Manufacturing Technology Co., Ltd.	—	—	—	—	1
Total	<u>7,400</u>	<u>2,663</u>	<u>982</u>	<u>946</u>	<u>5,370</u>

	Year ended December 31,			Ten months ended	
				October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of goods and services					
Han's Laser Technology Industry					
Group Co., Ltd.	12,841	13,586	15,253	12,867	15,340
Han's Motor Technology Co., Ltd. . .	37,226	20,689	14,445	12,683	23,469
Han's Tiancheng Semiconductor					
Co., Ltd.	30,981	2,177	1,850	1,801	—
GYX Optoelectronics Co., Ltd. . . .	1,056	1,278	841	816	13
Shenzhen Han's Super Energy Laser					
Technology Co., Ltd.	555	—	239	239	—
Shenzhen Han's Smart Tech Co.,					
Ltd.	626	747	795	795	312
Guangdong Yueming Intelligent					
Equipment Co., Ltd.	—	—*	—	—	—
Han's Laser Intelligent Equipment					
Group Co., Ltd.	49	—	2	2	—
Shenzhen Han's Property					
Management Co., Ltd.	9,299	9,210	8,515	7,098	7,355
Shenzhen Han's Cloud Technology					
Co., Ltd.	30	56	24	24	1
Shenzhen Han's Vision Technology					
Co., Ltd.	127	112	49	49	—*
Shenzhen Hansheng Refrigeration					
Technology Co., Ltd.	8,532	6,292	8,194	6,953	8,508
Guangdong Huayan Robot Co., Ltd..	53	187	200	76	1,244
Zhejiang Guoyexing Intelligent					
Manufacturing Technology Co.,					
Ltd.	107	155	338	178	1,032
Shenzhen Han's HGC Laser					
Technology Co., Ltd.	—*	—	—	—	—
Dongguan Han Chuan Technology					
Co., Ltd. Shenzhen Branch	138	189	74	73	29
Shenzhen Han's Intelligent Control					
Technology Co., Ltd.	28	—	—	—	—
Tianjin Tiancheng Optoelectronic					
Technology Co., Ltd.	—	3,000	18,255	15,604	26,941

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Han's Laser E-Commerce Trade (Shenzhen) Co., Ltd.	—	3	28	28	12
Shenzhen Yue'an Elevator Engineering Co., Ltd	—	—	—	—	31
Total	<u>101,648</u>	<u>57,681</u>	<u>69,102</u>	<u>59,286</u>	<u>84,287</u>

* Amount less than RMB1,000.

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Expense relating to short-term lease and low-value assets					
Han's Laser Technology Industry Group Co., Ltd.	3,607	1,813	1,817	1,585	2,506
Han's Laser Technology Co., Ltd.	49	52	53	44	44
Total	<u>3,656</u>	<u>1,865</u>	<u>1,870</u>	<u>1,629</u>	<u>2,550</u>

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Addition of right-of-use assets					
Han's Laser Technology Industry Group Co., Ltd.	<u>30,736</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on lease liabilities					
Han's Laser Technology Industry Group Co., Ltd.	5,189	4,467	2,559	2,234	1,083

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of property, plant and equipment					
Shenzhen Han's Cloud Technology Co., Ltd.	125	—	—	—	—
Shenzhen Han's Motor Technology Co., Ltd.	—	—	—	—	88
Total	125	—	—	—	88

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of engineering management services					
Dazu Holdings Group Co., Ltd.	2,901	8,429	274	274	—

Notes:

- (i) The directors of the Company are of the opinion that the above sales to related parties and purchase from related parties were conducted in the ordinary course of business and on arms-length commercial terms.
- (ii) During the Relevant Periods and the ten months ended October 31, 2024, the Company used the trademark of Han's Laser Technology Industry Group Co., Ltd. free of charge.

(c) Outstanding balances with related parties:

The Group had the following outstanding balances with related parties:

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Trade related				
Trade and bills receivables				
Han's Laser Technology Industry				
Group Co., Ltd.	538	906	826	743
Shenzhen Mingxin	4	39	—	—
Shenzhen Han's Machine Tool				
Technology Co., Ltd.	—	—	24	61
Yancheng Han's Machine Tool				
Technology Co., Ltd.	—	—	2	—
Total	<u>542</u>	<u>945</u>	<u>852</u>	<u>804</u>

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Trade related				
Contract assets				
Han's Laser Technology Industry				
Group Co., Ltd.	<u>—</u>	<u>167</u>	<u>—</u>	<u>—</u>

	As at December 31,			As at
	2022	2023	2024	October 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Trade related				
Other receivables				
Han's Laser Technology Industry				
Group Co., Ltd.	5,456	4,510	3,326	1,849
Shenzhen Mingxin.	—	125	119	119
Total	<u>5,456</u>	<u>4,635</u>	<u>3,445</u>	<u>1,968</u>

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade related				
Trade and bills payables				
Shenzhen Han's Motor Technology Co., Ltd.	64,967	31,468	19,974	23,413
Han's Laser Technology Industry Group Co., Ltd.	2,906	3,223	6,361	5,010
Han's Tiancheng Semiconductor Technology Co., Ltd.	24,959	441	128	—
GYX Optoelectronics Co., Ltd.	699	991	218	—
Shenzhen Han's Vision Technology Co., Ltd.	127	77	—	—
Shenzhen Han's Smart Tech Co., Ltd.	398	600	299	198
Han's Laser Intelligent Equipment Group Co., Ltd.	34	—	—	—
Shenzhen Han's Super Energy Laser Technology Co., Ltd.	627	—	270	—
Shenzhen Han's Cloud Technology Co., Ltd.	91	63	—	—
Zhejiang Guoyexing Intelligent Manufacturing Technology Co., Ltd.	109	3	266	162
Shenzhen Hansheng Refrigeration Technology Co., Ltd.	5,709	5,129	6,629	7,222
Shenzhen Han's HGC Laser Technology Co., Ltd.	—	—*	—	—
Dongguan Han Chuan Technology Co., Ltd. Shenzhen Branch	138	146	70	7
Shenzhen Han's Intelligent Control Technology Co., Ltd.	31	—	—	—
Guangdong Huayan Robot Co., Ltd.	—	197	311	924
Tianjin Tiancheng Optoelectronic Technology Co., Ltd.	—	1,317	18,934	28,011
Dazu Holdings Group Co., Ltd.	—	8,429	—	—
Total	100,795	52,084	53,460	64,947

* Amount less than RMB1,000.

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade related				
Other payables				
Han's Laser Technology Industry				
Group Co., Ltd.	—	12	—	519
Shenzhen Han's Property Management				
Co., Ltd.	—	1	—	—
Shenzhen Mingxin	—	—*	—	—
Shenzhen Han's Motor Technology				
Co., Ltd.	—	—	1,528	448
GYX Optoelectronics Co., Ltd.	—	—	257	—
Shenzhen Hansheng Refrigeration				
Technology Co., Ltd.	—	—	921	779
Shenzhen Han's Smart Tech Co., Ltd. .	—	—	370	—
Total	—	13	3,076	1,746

* Amount less than RMB1,000.

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade related				
Lease liabilities				
Han's Laser Technology Industry				
Group Co., Ltd.	109,410	69,991	39,420	14,830

(d) Compensation of key management personnel of the Group:

	Year ended December 31,			Ten months ended October 31,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind.	12,889	11,645	14,577	6,836	7,209
Pension scheme contributions.	610	657	663	552	585
Share-based payment compensation	(4,245)	4,981	59,768	49,807	32,685
Total compensation paid to key management personnel	<u>9,254</u>	<u>17,283</u>	<u>75,008</u>	<u>57,195</u>	<u>40,479</u>

Further details of directors' and the supervisors' emoluments are included in note 10 to the Historical Financial Information.

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income:				
Trade and bills receivables	55,119	51,188	89,416	51,896
Financial assets at amortised cost:				
Trade and bills receivables — current .	2,093,956	1,643,601	2,586,730	4,121,727
Trade and bills receivables — non-current	118,624	60,913	170,002	513,566
Financial assets included in prepayments, other receivables and other assets				
Restricted cash	—	1,816	333	542
Cash and cash equivalents	2,986,535	1,916,965	1,539,131	1,146,344
Time deposits	—	—	400,000	417,114
	<u>5,212,231</u>	<u>3,634,256</u>	<u>4,715,259</u>	<u>6,219,736</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Liabilities from contingent consideration				
	—	68,683	8,523	—
Financial liabilities at amortised cost:				
Trade and bills payables	671,476	592,018	1,275,637	2,244,899
Financial liabilities included in other payables and accruals				
Interest-bearing borrowing	17,174	75,744	213,476	825,855
	<u>850,639</u>	<u>824,159</u>	<u>1,705,422</u>	<u>3,395,946</u>

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

As at December 31, 2022

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Trade and bills receivables measured at fair value through other comprehensive income	55,119	55,119
	<u>55,119</u>	<u>55,119</u>
Financial liabilities		
Interest-bearing borrowing	17,174	17,174
	<u>17,174</u>	<u>17,174</u>

As at December 31, 2023

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Trade and bills receivables measured at fair value through other comprehensive income	51,188	51,188
	<u>51,188</u>	<u>51,188</u>
Financial liabilities		
Liabilities from contingent consideration	68,683	68,683
Interest-bearing borrowing	75,744	75,744
	<u>144,427</u>	<u>144,427</u>

As at December 31, 2024

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Trade and bills receivables measured at fair value through other comprehensive income	89,416	89,416
	<u>89,416</u>	<u>89,416</u>
Financial liabilities		
Liabilities from contingent consideration.....	8,523	8,523
Interest-bearing borrowing.....	213,476	208,913
	<u>221,999</u>	<u>217,436</u>

As at October 31, 2025

	<u>Carrying amounts</u>	<u>Fair values</u>
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
Trade and bills receivables measured at fair value through other comprehensive income	51,896	51,896
	<u>51,896</u>	<u>51,896</u>
Financial liabilities		
Interest-bearing borrowing.....	825,855	819,969
	<u>825,855</u>	<u>819,969</u>

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables at amortised cost, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments. For deposits, Management has assessed that their fair value is equal to their book value, mainly because these deposits are collateral for bills and the fair value fluctuates less and the maturity is short.

The carrying amounts of the Group's financial instruments including time deposits were not materially different from their fair values as at December 31, 2022, 2023 and 2024 and October 31, 2025.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

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

The fair values of the non-current portion of interest-bearing bank and other borrowings and bond payable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The financial instruments in bills receivables are the bank acceptance bills registered by the acceptance bank with high credit, and the Group's management model aims at both collecting the contractual cash flow and selling the financial assets. There is no significant unobservable inputs to the valuation of financial instruments as at December 31, 2022, 2023 and 2024 and October 31, 2025.

Fair value hierarchy

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

*Financial instruments measured at fair value:***As at December 31, 2022**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Trade and bills receivables measured at fair value through other comprehensive income	—	55,119	—	55,119

As at December 31, 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Trade and bills receivables measured at fair value through other comprehensive income	—	51,188	—	51,188
Financial liabilities				
Liabilities from contingent consideration	—	—	68,683	68,683

As at December 31, 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Financial assets				
Trade and bills receivables measured at fair value through other comprehensive income	—	89,416	—	89,416
Financial liabilities				
Liabilities from contingent consideration	—	—	8,523	8,523

As at October 31, 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Financial assets				
Trade and bills receivables measured at fair value through other comprehensive income	—	51,896	—	51,896

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

The following table demonstrates a sensitivity analysis of discount rate, reflecting the impact on the fair value of the payable for acquisition of Rayleigh Taide of a reasonable and probable change in discount rate, assuming other variables are constant. There were no significant inter-relationships between unobservable inputs that materially affect fair value as at December 31, 2023 and 2024.

	<u>Increase/(decrease) in basis points of discount rate</u>	<u>(Decrease) /increase the fair value payable for acquisition of Rayleigh Taide by</u>
		<i>RMB'000</i>
Year ended December 31, 2023		
RMB.....	50	(654)
RMB.....	(50)	531
Year ended December 31, 2024		
RMB.....	50	(14)
RMB.....	(50)	14

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, restricted cash, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, time deposits, financial liabilities included in other payables and accruals, interest-bearing borrowings and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bill payables, which arise directly from its operations.

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

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's non-current interest-bearing bank borrowings.

The following table demonstrates a sensitivity analysis of interest rate risk, reflecting the impact on net profit or loss (through the impact on floating rate borrowings) of a reasonable and probable change in interest rates, assuming other variables are constant.

	<u>Increase/(decrease) in basis points</u>	<u>(Decrease) /increase in net profit</u>
		<i>RMB'000</i>
Year ended December 31, 2024		
RMB	50	(134)
RMB	(50)	134
Ten months ended October 31, 2025		
RMB	50	(132)
RMB	(50)	132

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the translated value of monetary assets and liabilities).

	<u>Increase/ (decrease) in exchange rates of foreign currency</u>	<u>Increase/ (decrease) in profit before tax</u>
	<i>%</i>	<i>RMB'000</i>
Year ended December 31, 2022		
If RMB strengthens against USD	50	10
If RMB weakens against USD	(50)	(10)
If RMB strengthens against HKD	50	27
If RMB weakens against HKD	(50)	(27)
If RMB strengthens against Euro ("EUR")	50	(83)
If RMB weakens against EUR	(50)	83

	Increase/ (decrease) in exchange rates of foreign currency	Increase/ (decrease) in profit before tax
	%	RMB'000
Year ended December 31, 2023		
If RMB strengthens against USD	50	30
If RMB weakens against USD	(50)	(30)
If RMB strengthens against HKD	50	70
If RMB weakens against HKD	(50)	(70)
If RMB strengthens against EUR	50	(12)
If RMB weakens against EUR	(50)	12
Year ended December 31, 2024		
If RMB strengthens against USD	50	100
If RMB weakens against USD	(50)	(100)
If RMB strengthens against HKD	50	41
If RMB weakens against HKD	(50)	(41)
If RMB strengthens against EUR	50	(18)
If RMB weakens against EUR	(50)	18
Ten months ended October 31, 2025		
If RMB strengthens against USD	50	271
If RMB weakens against USD	(50)	(271)
If RMB strengthens against HKD	50	(22)
If RMB weakens against HKD	(50)	22
If RMB strengthens against EUR	50	(108)
If RMB weakens against EUR	(50)	108

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging as at December 31, 2022, 2023 and 2024 and October 31, 2025

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2022

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bill receivables* . .	55,119	—	—	2,311,444	2,366,563
Contract asset*	—	—	—	20,114	20,114
Financial assets included in prepayments, other receivables and other assets					
— Normal**	14,156	—	—	—	14,156
Cash and cash equivalents . .	2,986,535	—	—	—	2,986,535
	<u>3,055,810</u>	<u>—</u>	<u>—</u>	<u>2,331,558</u>	<u>5,387,368</u>

As at December 31, 2023

	12-month ECLs		Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and bill receivables* . .	51,188	—	—	1,820,018	1,871,206	
Contract asset*	—	—	—	20,282	20,282	
Financial assets included in prepayments, other receivables and other assets						
— Normal**	13,390	—	—	—	13,390	
Restricted cash	1,816	—	—	—	1,816	
Cash and cash equivalents . .	1,916,965	—	—	—	1,916,965	
	<u>1,983,359</u>	<u>—</u>	<u>—</u>	<u>1,840,300</u>	<u>3,823,659</u>	

As at December 31, 2024

	12-month ECLs		Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and bill receivables* . .	89,416	—	—	2,894,336	2,983,752	
Contract asset*	—	—	—	25,705	25,705	
Financial assets included in prepayments, other receivables and other assets						
— Normal**	22,451	—	—	—	22,451	
Restricted cash	333	—	—	—	333	
Cash and cash equivalents . .	1,539,131	—	—	—	1,539,131	
Time deposits	400,000	—	—	—	400,000	
	<u>2,051,331</u>	<u>—</u>	<u>—</u>	<u>2,920,041</u>	<u>4,971,372</u>	

As at October 31, 2025

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and bill receivables*	51,896	—	—	4,796,628	4,848,524
Contract asset*	—	—	—	47,048	47,048
Financial assets included in prepayments, other receivables and other assets					
— Normal**	25,950	—	—	—	25,950
Restricted cash	542	—	—	—	542
Cash and cash equivalents	1,146,344	—	—	—	1,146,344
Time deposits	417,114	—	—	—	417,114
	<u>1,641,846</u>	<u>—</u>	<u>—</u>	<u>4,843,676</u>	<u>6,485,522</u>

* For contract assets and trade and bills receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 22 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables and contract assets are disclosed in notes 22 and 24 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. As at December 31, 2022, 2023 and 2024 and October 31, 2025, the Group had certain concentrations of credit risk as 9.4%, 10.7%, 6.1% and 10.9% of the Group’s trade and bills receivables and contract assets were due from the Group’s largest customer. 34.4%, 30.7%, 19.4% and 24.9% of the Group’s trade and bills receivables and contract assets were due from five largest customers, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain continuity of funding. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2022					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bill payables	671,476	—	—	—	671,476
Financial liabilities included in other payables and accruals	161,989	—	—	—	161,989
Interest-bearing bank borrowings	17,223	—	—	—	17,223
Lease liabilities	49,664	39,834	48,171	—	137,669
	<u>900,352</u>	<u>39,834</u>	<u>48,171</u>	<u>—</u>	<u>988,357</u>
As at December 31, 2023					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bill payables	592,018	—	—	—	592,018
Financial liabilities included in other payables and accruals	156,397	—	—	—	156,397
Liabilities from contingent consideration	68,683	—	—	—	68,683
Interest-bearing bank borrowings	77,409	—	—	—	77,409
Lease liabilities	36,316	34,282	12,137	—	82,735
	<u>930,823</u>	<u>34,282</u>	<u>12,137</u>	<u>—</u>	<u>977,242</u>

As at December 31, 2024

	As at December 31, 2024				
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bill payables	1,275,637	—	—	—	1,275,637
Financial liabilities included in other payables and accruals	216,309	—	—	—	216,309
Liabilities from contingent consideration	8,523	—	—	—	8,523
Interest-bearing bank borrowings	7,580	35,592	184,197	—	227,369
Lease liabilities	35,878	12,011	1,086	—	48,975
	<u>1,543,927</u>	<u>47,603</u>	<u>185,283</u>	<u>—</u>	<u>1,776,813</u>

As at October 31, 2025

	As at October 31, 2025				
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bill payables	2,244,899	—	—	—	2,244,899
Financial liabilities included in other payables and accruals	325,192	—	—	—	325,192
Interest-bearing bank borrowings	648,580	4,400	184,092	—	837,072
Lease liabilities	23,058	5,092	8,136	—	36,286
	<u>3,241,729</u>	<u>9,492</u>	<u>192,228</u>	<u>—</u>	<u>3,443,449</u>

Capital management

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

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

The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,			As at
	2022	2023	2024	October 31,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Total liabilities	1,421,096	1,290,582	2,050,120	3,884,394
Total assets	7,151,808	5,979,127	7,186,497	9,568,686
Gearing ratio	20%	22%	29%	41%

Note: Gearing ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

48. EVENTS AFTER THE RELEVANT PERIODS

No other significant events have occurred to the Company, the Group or any of the companies now comprising the Group in respective of any period subsequent to October 31, 2025.

49. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to October 31, 2025.