

Shenzhen Han's CNC Technology Co., Ltd.
(Incorporated in the People's Republic of China)

Audited Financial Statements

For the years ended 31 December 2022, 2023 and 2024,
and the ten months ended 31 October 2025

Shenzhen Han's CNC Technology Co., Ltd.

Contents

| | Pages |
|---|--------|
| INDEPENDENT AUDITOR'S REPORT | 1-3 |
| AUDITED FINANCIAL STATEMENTS | |
| CONSOLIDATED STATEMENTS OF PROFIT OR LOSS | 4 |
| CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME | 5 |
| CONSOLIDATED STATEMENTS OF FINANCIAL POSITION | 6-7 |
| CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY | 8-12 |
| CONSOLIDATED STATEMENTS OF CASH FLOWS | 13-14 |
| STATEMENTS OF FINANCIAL POSITION OF THE COMPANY | 15-16 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 17-128 |



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Independent auditor's report

To the directors of Shenzhen Han's CNC Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Shenzhen Han's CNC Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 128, which comprise the consolidated and company statements of financial position as at 31 December 2022, 2023 and 2024 and 31 October 2025, and the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the years ended consolidated 31 December 2022, 2023 and 2024, and the ten months ended 31 October 2025 (the "Relevant Periods"), and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, 2023 and 2024 and 31 October 2025 and of the Group's consolidated financial performance and its consolidated cash flows for each of the Relevant Periods in accordance with the basis of preparation set out in notes 2.1 to the consolidated financial statements.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Without modifying our opinion, we draw attention to the fact that the financial information for the ten months ended 31 October 2024 (the "Interim Comparative Information") is unaudited.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements, which also include the Interim Comparative Information, that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent auditor's report (continued)

To the directors of Shenzhen Han's CNC Technology Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements for the Relevant Periods as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report (continued)

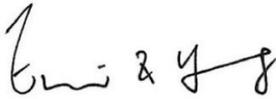
To the directors of Shenzhen Han's CNC Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Restriction on distribution and use

These consolidated financial statements are prepared for the purpose of preparation of financial information for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho (practising certificate number: P07045).



Certified Public Accountants
Hong Kong
29 January 2026

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Notes | Year ended December 31, | | | Ten months ended October 31, | |
|---|-------|-------------------------|----------------|----------------|---------------------------------|----------------|
| | | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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 | <u>1.05</u> | <u>0.32</u> | <u>0.72</u> | <u>0.51</u> | <u>1.24</u> |
| Diluted (RMB per share) | 14 | <u>1.05</u> | <u>0.32</u> | <u>0.71</u> | <u>0.50</u> | <u>1.22</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 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 |
| 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 STATEMENT OF FINANCIAL POSITION

| | Notes | As at December 31, | | | As at October 31, |
|--|-------|--------------------|------------------|------------------|-------------------|
| | | 2022 | 2023 | 2024 | 2025 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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> |

Shenzhen Han's CNC Technology Co., Ltd.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

| | Notes | As at December 31, | | | As at October |
|--|-------|--------------------|-----------|-----------|---------------|
| | | 2022 | 2023 | 2024 | 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 | | 4,757,584 | 3,409,096 | 3,380,897 | 3,530,264 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,834,785 | 4,743,520 | 5,373,899 | 5,903,589 |
| 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 | | 5,730,712 | 4,688,545 | 5,136,377 | 5,684,292 |
| 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 | | 5,730,712 | 4,688,545 | 5,136,377 | 5,684,292 |

Yang Chaohui
Director

Zhou Huiqiang
Director

Shenzhen Han's CNC Technology Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2022

| | 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 | |
| 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 | 420,000 | 4,067,102* | -* | 3,052* | 525 * | 145,856* | 1,091,332* | 5,727,867 | 2,845 | 5,730,712 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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 |
| 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 | 420,000 | 4,067,102* | 12,736* | 1,175* | 746* | 174,300* | 1,434* | 4,677,493 | 11,052 | 4,688,545 |

Shenzhen Han's CNC Technology Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended December 31, 2024

| | 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 | |
| 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> |

Shenzhen Han's CNC Technology Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Ten months ended October 31, 2024

| | 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 | |
| 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> |

Shenzhen Han's CNC Technology Co., Ltd.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Ten months ended October 31, 2025

| | 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 | |
| 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 STATEMENT OF CASH FLOWS

| | 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 |
| 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 recognized on financial assets and contract assets under ECL model, net | 7 | 22,780 | 17,397 | 23,355 | 29,575 | 26,209 |
| Gains 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 |
| Operating profit before working capital changes | | 633,312 | 247,371 | 603,932 | 453,334 | 855,089 |
| Decrease/(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) |
| Decrease/(increase) in contract assets | | 17,054 | (168) | (5,387) | (5,747) | (21,343) |
| Decrease/(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) |

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| | Notes | Year ended December 31, | | | Ten months ended October 31, | |
|--|-------|-------------------------|--------------------|------------------|------------------------------|------------------|
| | | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchases of items of property, plant and equipment 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 | | <u>(145,763)</u> | <u>(310,938)</u> | <u>(623,967)</u> | <u>(595,128)</u> | <u>(111,583)</u> |
| 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 | | <u>2,256,554</u> | <u>(1,174,846)</u> | <u>93,786</u> | <u>(63,030)</u> | <u>473,845</u> |
| 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>2,986,535</u> | <u>1,916,965</u> | <u>1,539,131</u> | <u>1,133,402</u> | <u>1,146,344</u> |

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

| | Notes | As at December 31, | | | As at October 31, |
|---|-------|--------------------|-----------|-----------|-------------------|
| | | 2022 | 2023 | 2024 | 2025 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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 | | 964,302 | 1,131,937 | 1,611,328 | 1,867,346 |
| 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 | 2,893,102 | 1,812,165 | 1,289,700 | 1,050,104 |
| Total current assets | | 5,839,192 | 4,555,789 | 5,114,148 | 6,817,320 |

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (continued)

| | Notes | As at December 31, | | | As at October |
|--|-------|--------------------|-----------|-----------|---------------|
| | | 2022 | 2023 | 2024 | 31, |
| | | RMB'000 | RMB'000 | RMB'000 | 2025 |
| | | | | RMB'000 | |
| 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 | 34 | 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 Dazu 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 |
| 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 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. CORPORATE INFORMATION (continued)

| Name | Place and date of incorporation/ registration and place of operations | Nominal value of issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|--|---|--|---|----------|--|
| | | | Direct | Indirect | |
| Advanced Intelligent Machine Co., Ltd.* (note (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 |
| 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 100% 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 |
| Han's CNC Technology (Thailand) Co., Ltd.* (note (i)) | Thailand June 12, 2024 | Thai Bhat ("THB") 15,000,000 | - | 99% | After-sales service |
| Han's 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.

1. CORPORATE INFORMATION (continued)

- (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 IFRS 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 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements are prepared for the purpose of preparation of financial information for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. They have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group throughout the Relevant Periods and the period covered by the Interim Comparative Information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 BASIS OF PREPARATION (continued)

The Group has previously prepared financial statements under Accounting Standards for Business Enterprises ("CASBE") issued by the Ministry of Finance of the People's Republic of China. These financial statements are the first financial statements prepared by the Group in accordance with IFRS Accounting Standards. Accordingly, IFRS 1 (Revised) "First-time adoption of International Financial Reporting Standards" has been applied in preparing these financial statements and the transition date is 1 January 2022. Details of the first-time adoption of IFRS Accounting Standards are disclosed in note 2.4 below.

These financial statements have been prepared under the historical cost convention, except for certain portion of trade and bills receivable and liabilities from contingent consideration which has been measured at fair value. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Financial statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 BASIS OF PREPARATION (continued)

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 financial statements. 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 Statements²</i> |
| IFRS 19 and its amendments | <i>Subsidiaries without Public Accountability: Disclosures²</i> |
| Amendments to IFRS 9 and IFRS 7 | <i>Amendments to the Classification and Measurement of Financial Instruments¹</i> |
| Amendments to IFRS 9 and IFRS 7 | <i>Contracts Referencing Nature-dependent Electricity¹</i> |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i> |
| Amendments to IAS 21 | <i>Translation to a Hyperinflationary Presentation Currency²</i> |
| <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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill (continued)

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 Financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment and depreciation (continued)

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:

| <u>Categories</u> | <u>Estimated useful lives</u> |
|-------------------|-------------------------------|
| 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Group as a lessee (continued)

(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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets (continued)

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 liabilities from contingent consideration, 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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).

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 Financial statements.

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other employee benefits

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.

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 Financial statements. The Group will adjust the amounts recognised in its Financial statements 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 Financial statements, 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 Financial statements. 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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

These Financial statements 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.

2.4 FIRST-TIME ADOPTION OF IFRS ACCOUNTING STANDARDS

In preparing these consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022, being the date of transition to IFRS Accounting Standards.

Reconciliation of equity

As at 1 January 2022 and 31 December 2024, there were no reclassifications or remeasurements to equity arising from the transition from CASBE to IFRS Accounting Standards.

Reconciliation of total comprehensive income

During the year ended 31 December 2024, there were no reclassifications or remeasurements to total comprehensive income arising from the transition from CASBE to IFRS Accounting Standards.

Reconciliation of cash flows

The transition of CASBE to IFRS Accounting Standards did not have any material adjustments to the cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial statements 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 Financial statements:

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 reporting period, 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 Financial statements, 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| 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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. REVENUE

An analysis of revenue 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 (unaudited) | RMB'000 |
| Revenue from contracts with customers | 2,765,872 | 1,623,169 | 3,327,372 | 2,610,107 | 4,302,456 |
| Revenue from other sources | | | | | |
| Rental income | 20,278 | 11,142 | 15,719 | 13,775 | 11,690 |
| Total | 2,786,150 | 1,634,311 | 3,343,091 | 2,623,882 | 4,314,146 |
| Revenue from contracts with customers | | | | | |
| (a) Disaggregated revenue information | | | | | |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. REVENUE (continued)

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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | 61,100 | 25,955 | 65,754 | 42,813 | 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (unaudited) | RMB'000 |
| 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 |
| Gains 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 | 912 | 1,119 | 1,957 | 1,390 | 1,321 |
| 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>184,681</u> | <u>127,799</u> | <u>192,013</u> | <u>89,257</u> | <u>131,358</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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 | 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)): | | | | | | |
| 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 asset | | 623 | 1,378 | 959 | 876 | 2,119 |
| | | 22,780 | 17,397 | 23,355 | 29,575 | 26,209 |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. PROFIT BEFORE TAX (continued)

* 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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| 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 (unaudited) | RMB'000 |
| 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 | 3,977 | 10,621 | 83,175 | 5,457 | 96,009 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (unaudited) | RMB'000 |
| 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 | 942 | 5,946 | 41,567 | 34,006 | 23,411 |

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 Financial statements. 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 Financial statements 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 (unaudited) | RMB'000 |
| 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 | 360 | 360 | 350 | 290 | 300 |

- (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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and supervisors

Year ended December 31, 2022

| | <u>Fees</u> <i>RMB'000</i> | <u>Salaries, allowances and benefits in kind</u> <i>RMB'000</i> | <u>Performance related bonuses</u> <i>RMB'000</i> | <u>Share-based payment compensation</u> <i>RMB'000</i> | <u>Pension scheme contributions</u> <i>RMB'000</i> | <u>Total remuneration</u> <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

| | <u>Fees</u> <i>RMB'000</i> | <u>Salaries, allowances and benefits in kind</u> <i>RMB'000</i> | <u>Performance related bonuses</u> <i>RMB'000</i> | <u>Share-based payment compensation</u> <i>RMB'000</i> | <u>Pension scheme contributions</u> <i>RMB'000</i> | <u>Total remuneration</u> <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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and supervisors (continued)

Year ended December 31, 2024

| | <u>Fees</u> <i>RMB'000</i> | <u>Salaries, allowances and benefits in kind</u> <i>RMB'000</i> | <u>Performance related bonuses</u> <i>RMB'000</i> | <u>Share-based payment compensation</u> <i>RMB'000</i> | <u>Pension scheme contributions</u> <i>RMB'000</i> | <u>Total remuneration</u> <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)

| | <u>Fees</u> <i>RMB'000</i> (Unaudited) | <u>Salaries, allowances and benefits in kind</u> <i>RMB'000</i> (Unaudited) | <u>Performance related bonuses</u> <i>RMB'000</i> (Unaudited) | <u>Share-based payment compensation</u> <i>RMB'000</i> (Unaudited) | <u>Pension scheme contributions</u> <i>RMB'000</i> (Unaudited) | <u>Total remuneration</u> <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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(b) Executive directors and supervisors (continued)

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 |
|----------------------------|---------|--|-----------------------------------|--|------------------------------------|-----------------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 Financial statements 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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | | (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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | | (unaudited) | |
| 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 Financial statements. 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 Financial statements 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 Electronic Testing Co., Ltd., Dongguan Han's CNC Technology Co., Ltd., Shenzhen Han's Microelectronics Technology Co., Ltd., Shenzhen Han's Rayleigh Taide Precision Coating 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. INCOME TAX (continued)**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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| 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 | 51,310 | 1,758 | 30,001 | 10,109 | 70,997 |

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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| Profit before tax | 483,322 | 137,426 | 329,583 | 222,084 | 589,916 |
| 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 rate | 51,310 | 1,758 | 30,001 | 10,109 | 70,997 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. DIVIDEND

| | 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 |
| 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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 (unaudited) | RMB'000 |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. PROPERTY, PLANT AND EQUIPMENT

The Group

| | <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 | 53,087 | 3,245 | 10,152 | 34,841 | 60,307 | 833 | 162,465 |
| Accumulated depreciation | <u>(23,367)</u> | <u>(1,809)</u> | <u>(3,727)</u> | <u>(19,737)</u> | <u>(9,354)</u> | <u>-</u> | <u>(57,994)</u> |
| 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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| 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 | <u>(28,518)</u> | <u>(2,450)</u> | <u>(5,320)</u> | <u>(23,197)</u> | <u>(21,400)</u> | <u>-</u> | <u>(80,885)</u> |
| 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 | <u>(28,518)</u> | <u>(2,450)</u> | <u>(5,320)</u> | <u>(23,197)</u> | <u>(21,400)</u> | <u>-</u> | <u>(80,885)</u> |
| 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 | <u>-</u> | <u>-</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1</u> |
| 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 | <u>(31,985)</u> | <u>(3,341)</u> | <u>(7,083)</u> | <u>(29,136)</u> | <u>(33,380)</u> | <u>-</u> | <u>(104,925)</u> |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

| | <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, 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 | | | | | | | | |
| Cost | 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 | 36,116 | - | 193 | 615 | - | - | 36,924 | |
| 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 | <u>-</u> | <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> |
| At January 1, 2025, net of accumulated depreciation | | | | | | | | |
| Cost | - | 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 | <u>577,951</u> | <u>71,993</u> | <u>2,059</u> | <u>19,991</u> | <u>25,233</u> | <u>7,322</u> | <u>60,919</u> | <u>765,468</u> |
| 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 | <u>577,951</u> | <u>71,993</u> | <u>2,059</u> | <u>19,991</u> | <u>25,233</u> | <u>7,322</u> | <u>60,919</u> | <u>765,468</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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 | <u>(6,942)</u> | <u>(1,784)</u> | <u>(1,902)</u> | <u>(16,830)</u> | <u>(7,040)</u> | <u>-</u> | <u>(34,498)</u> |
| 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 | | | | | | | |
| 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 | <u>12,010</u> | <u>-</u> | <u>134</u> | <u>345</u> | <u>-</u> | <u>-</u> | <u>12,489</u> |
| 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 | <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> |
| | <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 | | | | | | | |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

| | <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, 2024 | | | | | | | |
| As at January 1, 2024: | | | | | | | |
| 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>(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>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>89,583</u> |
| As at December 31, 2024 | | | | | | | |
| Cost | 63,808 | 4,787 | 12,200 | 46,348 | 45,297 | - | 172,440 |
| Accumulated depreciation | <u>(12,986)</u> | <u>(3,107)</u> | <u>(6,167)</u> | <u>(28,062)</u> | <u>(32,535)</u> | - | <u>(82,857)</u> |
| Net carrying amount | <u>50,822</u> | <u>1,680</u> | <u>6,033</u> | <u>18,286</u> | <u>12,762</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 | <u>(12,986)</u> | <u>(3,107)</u> | <u>(6,167)</u> | <u>(28,062)</u> | <u>(32,535)</u> | - | <u>(82,857)</u> |
| Net carrying amount | <u>50,822</u> | <u>1,680</u> | <u>6,033</u> | <u>18,286</u> | <u>12,762</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>95,571</u> |
| As at October 31, 2025 | | | | | | | |
| Cost | 73,102 | 5,087 | 26,313 | 51,096 | 45,297 | - | 200,895 |
| Accumulated depreciation | <u>(18,349)</u> | <u>(3,602)</u> | <u>(9,979)</u> | <u>(33,375)</u> | <u>(40,019)</u> | - | <u>(105,324)</u> |
| Net carrying amount | <u>54,753</u> | <u>1,485</u> | <u>16,334</u> | <u>17,721</u> | <u>5,278</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 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 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 financial statements.

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 | <u>467,688</u> | <u>123,032</u> | <u>590,720</u> |
| Additions | 1,959 | 8,077 | 10,036 |
| Acquisition of a subsidiary (note 39) | - | 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 | <u>459,896</u> | <u>74,652</u> | <u>534,548</u> |
| 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 | <u>450,184</u> | <u>43,394</u> | <u>493,578</u> |
| 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 | <u>442,778</u> | <u>32,212</u> | <u>474,990</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. LEASES (continued)

The Group as a lessee (continued)

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

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 | <u>(33,391)</u> |
| As at December 31, 2022 and January 1, 2023 | <u>94,592</u> |
| Termination | (11,528) |
| Depreciation provided during the year | <u>(31,420)</u> |
| As at December 31, 2023 and January 1, 2024 | <u>51,644</u> |
| Additions | 3,037 |
| Termination | (1,486) |
| Depreciation provided during the year | <u>(24,689)</u> |
| As at December 31, 2024 and January 1, 2025 | <u>28,506</u> |
| Additions | 5,510 |
| Depreciation provided during the period | <u>(18,791)</u> |
| As at October 31, 2025 | <u>15,225</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. LEASES (continued)

The Group as a lessee (continued)

(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 (note 39) | - | 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, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| | | | | RMB'000 |
| 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 Financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. LEASES (continued)

The Group as a lessee (continued)

(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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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* | 20,517 | 15,585 | 18,075 | 15,724 | 23,428 |
| Total amount recognised in profit or loss | 78,834 | 70,946 | 65,355 | 54,655 | 60,685 |

* 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 Financial statements.

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 Financial statements.

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 |
|---------------------------------------|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| | | | | RMB'000 |
| 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 | 624 | 125 | 1,453 | 1,062 |

18. GOODWILL**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> |
| At beginning of year/period: | | | | |
| 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 (note 39) | - | 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, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| | | | | <i>RMB'000</i> |
| 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> |

18. GOODWILL (continued)

Impairment testing of goodwill (continued)

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.

18. GOODWILL (continued)

Impairment testing of goodwill (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER INTANGIBLE ASSETS**The Group**

| | Software <i>RMB'000</i> | Patent <i>RMB'000</i> | Total <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 | <u>(2,083)</u> | <u>-</u> | <u>(2,083)</u> |
| At December 31, 2022 | <u>8,116</u> | <u>-</u> | <u>8,116</u> |
| At December 31, 2022: | | | |
| Cost | 14,913 | - | 14,913 |
| Accumulated amortisation | <u>(6,797)</u> | <u>-</u> | <u>(6,797)</u> |
| 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 | <u>(2,404)</u> | <u>(3)</u> | <u>(2,407)</u> |
| 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 | <u>(5,837)</u> | <u>(3)</u> | <u>(5,840)</u> |
| 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 | <u>(2,599)</u> | <u>(13)</u> | <u>(2,612)</u> |
| 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 | <u>(8,196)</u> | <u>(16)</u> | <u>(8,212)</u> |
| 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 | <u>(2,209)</u> | <u>(19)</u> | <u>(2,228)</u> |
| 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 | <u>(10,405)</u> | <u>(35)</u> | <u>(10,440)</u> |
| Net carrying amount | <u>4,019</u> | <u>502</u> | <u>4,521</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. OTHER INTANGIBLE ASSETS (continued)

The Company

| | <u>Software</u> |
|--|-----------------|
| | <i>RMB'000</i> |
| December 31, 2022 | |
| Cost at January 1, 2022, net of accumulated amortisation | 6,702 |
| Additions | 906 |
| Amortisation during the year | <u>(1,562)</u> |
| At December 31, 2022 | <u>6,046</u> |
| At December 31, 2022: | |
| Cost | 10,539 |
| Accumulated amortisation | <u>(4,493)</u> |
| 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 | <u>(1,736)</u> |
| At December 31, 2023 | <u>5,303</u> |
| At December 31, 2023: | |
| Cost | 9,354 |
| Accumulated amortisation | <u>(4,051)</u> |
| 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 | <u>(1,907)</u> |
| At December 31, 2024 | <u>4,171</u> |
| At December 31, 2024: | |
| Cost | 9,935 |
| Accumulated amortisation | <u>(5,764)</u> |
| Net carrying amount | <u>4,171</u> |
| 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>3,843</u> |
| At October 31, 2025: | |
| Cost | 11,407 |
| Accumulated amortisation | <u>(7,564)</u> |
| Net carrying amount | <u>3,843</u> |

20. INVESTMENTS IN ASSOCIATES**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 |
| Share of net assets | 95,660 | 98,076 | 107,078 | 110,061 |
| Less: Impairment | (55,768) | (55,768) | (55,768) | (55,768) |
| | <u>39,892</u> | <u>42,308</u> | <u>51,310</u> | <u>54,293</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 |
| Share of net assets | 2,705 | - | - | - |
| Less: Impairment | - | - | - | - |
| | <u>2,705</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:

| | Year ended December 31, | | | As at |
|--|--------------------------------|----------------|----------------|--------------------|
| | 2022 | 2023 | 2024 | October 31, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 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 | - | - | (4,224) | - |
| Dividends received from an associate | - | - | - | (2,550) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material: (continued)

| | 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 | 39,892 | 42,308 | 51,310 | 54,293 |

21. INVENTORIES**The Group**

| | As at December 31, | | | As at |
|---|--------------------|-----------|----------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 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, |
| | RMB'000 | RMB'000 | RMB'000 | 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 | 2,149,075 | 1,694,789 | 2,676,146 | 4,173,623 |

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 | 50,407 | 32,102 | 66,572 | 41,403 |
| Total | 1,889,136 | 1,403,703 | 2,251,280 | 3,607,265 |

22. TRADE AND BILLS RECEIVABLES (continued)

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

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> | 2025 |
| 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 | 1,711,530 | 1,492,858 | 2,469,876 | 4,216,823 |

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 |
| 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 | 1,495,454 | 1,279,114 | 2,114,660 | 3,713,312 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

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: (continued)

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 | 556,169 | 262,844 | 376,272 | 470,366 |

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 | 510,812 | 164,327 | 228,402 | 292,210 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

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> | 2025 |
| | | | | <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 | 98,864 | 115,504 | 137,604 | 161,335 |

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> |
| 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 | 79,721 | 66,310 | 77,495 | 97,519 |

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 | 1,783,804 | 4% | 72,274 |

22. TRADE AND BILLS RECEIVABLES (continued)

The following table details the risk profile of trade receivables: (continued)

The Group (continued)

| | As at December 31, 2023 | | |
|---|--------------------------------|----------------------------------|-------------------------------|
| | Gross carrying amount | Expected credit loss rate | Expected credit losses |
| | <i>RMB'000</i> | <i>%</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 | 1,592,881 | 6% | 100,023 |
| | As at December 31, 2024 | | |
| | Gross carrying amount | Expected credit loss rate | Expected credit losses |
| | <i>RMB'000</i> | <i>%</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 separately | 17,645 | 91% | 15,970 |
| Total | 2,586,503 | 5% | 116,627 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

The following table details the risk profile of trade receivables: (continued)

The Group (continued)

| | As at October 31, 2025 | | |
|---|-------------------------------|----------------------------------|-------------------------------|
| | Gross carrying amount | Expected credit loss rate | Expected credit losses |
| | <i>RMB'000</i> | <i>%</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 separately | 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>%</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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

The following table details the risk profile of trade receivables: (continued)

The Company (continued)

| | As at December 31, 2023 | | |
|---|--------------------------------|----------------------------------|-------------------------------|
| | Gross carrying amount | Expected credit loss rate | Expected credit losses |
| | <i>RMB'000</i> | <i>%</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 separately | 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>%</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 separately | 4,340 | 92% | 3,996 |
| Due from subsidiaries | 558,974 | 0% | - |
| Total | 2,180,901 | 3% | 66,243 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. TRADE AND BILLS RECEIVABLES (continued)

The following table details the risk profile of trade receivables: (continued)

The Company (continued)

| | As at October 31, 2025 | | |
|---|-------------------------------|----------------------------------|-------------------------------|
| | Gross carrying amount | Expected credit loss rate | Expected credit losses |
| | <i>RMB'000</i> | <i>%</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 separately | 4,337 | 92% | 3,992 |
| Due from subsidiaries | 639,524 | | - |
| Total | 3,803,063 | 2% | 89,751 |

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> | <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 |

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)**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> |
| 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 | <u>287,956</u> | <u>665,405</u> | <u>976,671</u> | <u>1,101,120</u> |
| Less: Impairment losses | <u>(828)</u> | <u>(1,875)</u> | <u>(2,485)</u> | <u>(3,071)</u> |
| Total current portion | <u>287,128</u> | <u>663,530</u> | <u>974,186</u> | <u>1,098,049</u> |
| 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 | <u>41,200</u> | <u>31,580</u> | <u>30,560</u> | <u>15,797</u> |
| Less: Impairment losses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total non-current portion | <u>41,200</u> | <u>31,580</u> | <u>30,560</u> | <u>15,797</u> |
| Total | <u>328,328</u> | <u>695,110</u> | <u>1,004,746</u> | <u>1,113,846</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

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, |
| | RMB'000 | RMB'000 | RMB'000 | 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 | 1,040 | 2,429 | 3,388 | 5,507 |

The Company

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

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, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| Expected credit loss rate | 7% | 18% | 15% | 21% |
| Gross carrying amount | 14,156 | 13,390 | 22,451 | 25,950 |
| Expected credit losses | 1,040 | 2,429 | 3,388 | 5,507 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)**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> |
| 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 | <u>828</u> | <u>1,875</u> | <u>2,485</u> | <u>3,071</u> |

24. CONTRACT 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> | <i>RMB'000</i> |
| Retention receivables | 20,114 | 20,282 | 25,705 | 47,048 |
| Less: impairment | <u>(935)</u> | <u>(672)</u> | <u>(825)</u> | <u>(1,160)</u> |
| Net carrying amount | <u>19,179</u> | <u>19,610</u> | <u>24,880</u> | <u>45,888</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> |
| Retention receivables | 15,413 | 15,450 | 18,779 | 35,746 |
| Less: impairment | <u>(655)</u> | <u>(479)</u> | <u>(563)</u> | <u>(783)</u> |
| Net carrying amount | <u>14,758</u> | <u>14,971</u> | <u>18,216</u> | <u>34,963</u> |

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.

24. CONTRACT ASSETS (continued)

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 |
|-----------------|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| Within one year | 18,275 | 18,844 | 24,600 | 41,148 |
| After one year | 904 | 766 | 280 | 4,740 |
| Total | 19,179 | 19,610 | 24,880 | 45,888 |

The Company

| | As at December 31, | | | As at |
|-----------------|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| Within one year | 13,854 | 14,971 | 17,936 | 32,494 |
| After one year | 904 | - | 280 | 2,469 |
| Total | 14,758 | 14,971 | 18,216 | 34,963 |

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

The Group

| | As at December 31, | | | As at |
|---|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| 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 | 935 | 672 | 825 | 1,160 |

The Company

| | As at December 31, | | | As at |
|---|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| 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 | 655 | 479 | 563 | 783 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. CONTRACT ASSETS (continued)

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, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| 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 | 935 | 672 | 825 | 1,160 |

The Company

| | As at December 31, | | | As at |
|---------------------------|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| 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 |
|-------------------------------------|--------------------|---------|---------|-------------|
| | 2022 | 2023 | 2024 | October 31, |
| | RMB'000 | RMB'000 | RMB'000 | 2025 |
| 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 for the details.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS**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> |
| 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 |
|--|---------------------------|-------------------------|-------------------------|-------------------------|
| | 2022 | 2023 | 2024 | October 31, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| | | | | <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 | 2,892,817 | 1,800,881 | 1,281,850 | 1,015,698 |
| 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 |
| 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 |
| 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> | 2025 |
| 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> | 2025 |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. TRADE AND BILLS PAYABLES (continued)

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 | <u>25,955</u> | <u>65,754</u> | <u>54,895</u> | <u>61,423</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 |
| Sale of goods | <u>14,876</u> | <u>31,532</u> | <u>30,247</u> | <u>42,601</u> |

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* | <u>3,453</u> | <u>2,282</u> | <u>1,769</u> | <u>1,173</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 |
| Government grants* | <u>2,713</u> | <u>1,662</u> | <u>1,105</u> | <u>641</u> |

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. PROVISION**The Group**

| | <u>Warranty</u> <i>RMB'000</i> | <u>Contingencies</u> <i>RMB'000</i> | <u>Total</u> <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

| | <u>Warranty</u> <i>RMB'000</i> | <u>Contingencies</u> <i>RMB'000</i> | <u>Total</u> <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> | <i>2025</i> |
| 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 | 503,327 | 380,460 | 411,581 | 590,976 |

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>2025</i> |
| 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 | 380,511 | 246,546 | 218,718 | 330,431 |

32. INTEREST-BEARING BORROWINGS**The Group and the Company**

| | As at December 31, 2022 | | |
|----------------------------|-------------------------------------|-----------------|----------------|
| | <i>Effective interest rates (%)</i> | <i>Maturity</i> | <i>RMB'000</i> |
| Current | | | |
| Discounted unmatured bills | 1.60% | 2023 | 17,174 |
| | | | |
| | As at December 31, 2023 | | |
| | <i>Effective interest rates (%)</i> | <i>Maturity</i> | <i>RMB'000</i> |
| Current | | | |
| Bank loans - unsecured | 2.75%-2.8% | 2024 | 75,000 |
| Discounted unmatured bills | 1.27% | 2024 | 744 |
| Total | | | 75,744 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INTEREST-BEARING BORROWINGS (continued)**The Group and the Company (continued)**

| | As at December 31, 2024 | | |
|---|-------------------------------------|-----------------|----------------|
| | <i>Effective interest rates (%)</i> | <i>Maturity</i> | <i>RMB'000</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 | | | <u>2,426</u> |
| Non-current | | | |
| Bank loans - unsecured | 2.40%-2.63% | 2026-2027 | <u>211,050</u> |
| Total | | | <u>213,476</u> |

The Group

| | As at October 31, 2025 | | |
|---|-------------------------------------|-----------------|----------------|
| | <i>Effective interest rates (%)</i> | <i>Maturity</i> | <i>RMB'000</i> |
| Current | | | |
| Bank loans - unsecured | 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 | <u>179,960</u> |
| Total | | | <u>825,855</u> |

The Company

| | As at October 31, 2025 | | |
|---|-------------------------------------|-----------------|----------------|
| | <i>Effective interest rates (%)</i> | <i>Maturity</i> | <i>RMB'000</i> |
| Current | | | |
| Bank loans - unsecured | 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 | <u>179,960</u> |
| Total | | | <u>825,255</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INTEREST-BEARING BORROWINGS (continued)

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, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| Interest-bearing borrowings of which suppliers have received payments | - | - | - | <u>27,727</u> |

An analysis of the maturity of borrowings is as follows:

| | As at December 31, | | | As at |
|---|---------------------------|----------------|----------------|--------------------|
| | 2022 | 2023 | 2024 | October 31, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 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, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| | | | | <i>RMB'000</i> |
| 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%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 RMB'000 | Impairment losses on financial assets RMB'000 | Share-based payment RMB'000 | Warranty RMB'000 | Accrued expenses RMB'000 | Deferred income RMB'000 | Depreciation and amortisation allowance in excess of related depreciation RMB'000 | Tax losses RMB'000 | Unsettled payroll payables RMB'000 | Temporary difference on unrealised profit from intra-group transactions RMB'000 | Lease liabilities RMB'000 | Total 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 credited 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 |
| Acquisition of a subsidiary (note 39) | - | 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 credited 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 | <u>8,168</u> | <u>23,790</u> | <u>16,309</u> | <u>6,175</u> | <u>3,877</u> | <u>176</u> | <u>602</u> | <u>1,878</u> | <u>30,098</u> | <u>1,007</u> | <u>5,411</u> | <u>97,491</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. DEFERRED TAX (continued)

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

Deferred tax assets (continued)**The Company**

| | Impairment of inventories RMB'000 | Impairment losses on financial assets RMB'000 | Share-based payment RMB'000 | Warranty RMB'000 | Accrued expenses RMB'000 | Deferred income RMB'000 | Depreciation and amortisation allowance in excess of related depreciation RMB'000 | Tax losses RMB'000 | Unsettled payroll payables RMB'000 | Lease liabilities RMB'000 | Total 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 | <u>1,996</u> | <u>2,059</u> | <u>(3,100)</u> | <u>(813)</u> | <u>1,406</u> | <u>(134)</u> | <u>104</u> | <u>-</u> | <u>5,056</u> | <u>(231)</u> | <u>6,343</u> |
| 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 | <u>2,695</u> | <u>(1,881)</u> | <u>1,652</u> | <u>(2,374)</u> | <u>(543)</u> | <u>(158)</u> | <u>116</u> | <u>18,267</u> | <u>(13,169)</u> | <u>(6,492)</u> | <u>(1,887)</u> |
| 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 | <u>(2,027)</u> | <u>1,782</u> | <u>17,732</u> | <u>1,142</u> | <u>290</u> | <u>(84)</u> | <u>127</u> | <u>(18,267)</u> | <u>(8,523)</u> | <u>(3,603)</u> | <u>(11,431)</u> |
| 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 | <u>1,260</u> | <u>3,083</u> | <u>(3,072)</u> | <u>2,555</u> | <u>1,987</u> | <u>(69)</u> | <u>118</u> | <u>-</u> | <u>23,605</u> | <u>(2,243)</u> | <u>27,224</u> |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. DEFERRED TAX (continued)**Deferred tax liabilities****The Group**

| | Right-of-use assets RMB'000 | Depreciation difference between the useful lives of long-term assets RMB'000 | Fair value adjustment from business combination RMB'000 | Fair value adjustments of Liabilities from contingent consideration RMB'000 | Others RMB'000 | Total RMB'000 |
|---|-----------------------------------|--|---|---|-------------------|------------------|
| 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 | 5,204 | 397 | 2,304 | - | 5,517 | 13,422 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. DEFERRED TAX (continued)**Deferred tax liabilities (continued)****The Company**

| | Right-of-use assets RMB'000 | Fair value adjustments of Liabilities from contingent consideration RMB'000 | Depreciation difference between the useful lives of long-term assets RMB'000 | others RMB'000 | Total RMB'000 |
|---|-----------------------------------|--|---|-------------------|------------------|
| 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 October 31, |
|---|--------------------|-----------------|-----------------|----------------------|
| | 2022 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| 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 October 31, |
|---|--------------------|-----------------|-----------------|----------------------|
| | 2022 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| Net deferred tax assets recognised in the statement of financial position | 51,311 | 55,348 | 37,370 | 74,264 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. DEFERRED TAX (continued)

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 |
| | | | | RMB'000 |
| Issued and fully paid: | | | | |
| 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 shares in | Share capital |
|---|---------------------|---------------|
| | issue | RMB'000 |
| | '000 | |
| At January 1, 2022 | 378,000 | 378,000 |
| Issue of shares (note a) | 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 (note b) | 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:

| | Year ended December 31, 2022 | |
|---------------------------|--|------------------------------|
| | Weighted average exercise price per share | Number of options |
| | <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.

36. SHARE-BASED PAYMENT (continued)**Equity-Settled shared-based payment arrangement (continued)**

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> <i>RMB per share</i> | <u>Number of options</u> | <u>Weighted average exercise price per share</u> <i>RMB per share</i> | <u>Number of options</u> |
| 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 | <u>16,800,000</u> | 19.38 | <u>16,722,900</u> |
| | | | <u>Ten months ended October 31 2025</u> | |
| | | | <u>Weighted average exercise price per share</u> <i>RMB per share</i> | <u>Number of options</u> |
| 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 ^{&} | <u>(5,509,152)</u> |
| 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

| <u>Number of options</u> | <u>Exercise price*</u> RMB per share | <u>Exercise period</u> |
|--------------------------|--|------------------------|
| 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> | | - |

36. SHARE-BASED PAYMENT (continued)**Equity-Settled shared-based payment arrangement (continued)**

December 31, 2024

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

October 31, 2025

| <u>Number of options</u> | <u>Exercise price*</u> <i>RMB per share</i> | <u>Exercise period</u> |
|--------------------------|--|------------------------|
| 5,484,039 | 18.98 | April 2026-April 2027 |
| <u>5,650,222</u> | 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 RMB315,020,200.

Share-based payment expenses

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

| | <u>Year ended December 31,</u> | | | <u>Ten months ended</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> |
| Equity-settled share-based payments | <u>(10,260)</u> | <u>12,736</u> | <u>152,071</u> | <u>82,092</u> |

36. SHARE INCENTIVE PLAN (continued)

Equity-Settled shared-based payment arrangement (continued)

Share-based payment expenses

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

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

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 Financial statements.

(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 Financial statements.

(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. RESERVES (continued)

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 |
|---|----------------------------|---|--------------------------|------------------------------|-----------------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> <i>(note 36)</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 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 options | 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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% |
| | | | |
| | As at December 31, | | As at |
| | 2023 | 2024 | October 31, |
| | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| | | | <i>RMB'000</i> |
| Profit/(loss) for the year/period allocated to non-controlling interests: | | | |
| Rayleigh Taide | 1,291 | (1,598) | (436) |
| | | | |
| Accumulated balances of non-controlling interests at the reporting date: | | | |
| Rayleigh Taide | 11,052 | 9,454 | 9,018 |

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, |
| | <i>RMB'000</i> | <i>RMB'000</i> | 2025 |
| | | | <i>RMB'000</i> |
| 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 | 5,392 | (5,328) | (1,453) |
| | | | |
| 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 | 3,097 | 1,437 | - |
| | | | |
| 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 | 37 | 98 | - |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | 2,647 | 767 | (7,834) |

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:

| | <u>2023</u> <i>RMB'000</i> |
|--|-------------------------------|
| Fair value of pre-existing interest | 18,615 |
| Less: carrying amounts of the Group's share of net assets | <u>(3,255)</u> |
| 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> | <u>Fair value recognised on acquisition</u> <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 | 15 | 5,569 |
| Right-of-use assets | 17(a) | 174 |
| Deferred tax assets | 34 | 281 |
| Trade payables | | (2,831) |
| Other payables and accruals | | (4,307) |
| Income tax payable | | (1,428) |
| Lease liabilities | 17(b) | <u>(177)</u> |
| Total identifiable net assets at fair value | | 32,537 |
| Non-controlling interests | | (9,761) |
| Goodwill on acquisition | 18 | <u>141,039</u> |
| Satisfied by: | | <u>163,815</u> |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. BUSINESS COMBINATION (continued)

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>69,086</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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(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 (note 39) | - | 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 | <u>825,855</u> | <u>34,261</u> | <u>860,116</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

| | Interest-bearing borrowings RMB'000 | Lease liabilities RMB'000 | Total RMB'000 |
|--|---|------------------------------|------------------|
| 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) |
| | <u>50,652</u> | <u>53,726</u> | <u>104,378</u> |
| 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 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2024 RMB'000 (unaudited) | 2025 RMB'000 |
| 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 October 31, |
|----------------------------------|---------------------|-----------------|-----------------|----------------------|
| | 2022 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| Outstanding letters of guarantee | <u>25,507</u> | <u>25,507</u> | <u>35,507</u> | <u>45,507</u> |

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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> | 2025 |
| | | | | <i>RMB'000</i> |
| Acquisition of property, plant and equipment and other non-current asset | <u>57,990</u> | <u>244,689</u> | <u>139,668</u> | <u>118,431</u> |

44. RELATED PARTY TRANSACTIONS

(a) Names and relationships

| <u>Name of related parties</u> | <u>Relationship with the Group</u> |
|--|---|
| 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 Technology 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 |

* 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

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(a) Names and relationships (continued)

| <u>Name of related parties</u> | <u>Relationship with the Group</u> |
|---|---|
| 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 |
| 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 |

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(a) Names and relationships (continued)

| 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)) 深圳市悅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.

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Financial statements, 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 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 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 | 7,400 | 2,663 | 982 | 946 | 5,370 |

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions (continued)

| | Year ended December 31, | | | Ten months ended October 31, | |
|---|-------------------------|-----------------|-----------------|--------------------------------|-----------------|
| | 2022 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2024 RMB'000 (unaudited) | 2025 RMB'000 |
| 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 |
| Beijing Han's Tiancheng Semiconductor Technology 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 Han's Tiancheng Optoelectronic Technology Co., Ltd. | - | 3,000 | 18,255 | 15,604 | 26,941 |
| Han's Laser E-Commerce Trade (Shenzhen) Co., Ltd. | - | 3 | 28 | 28 | 12 |
| Shenzhen Yue'an Elevator Engineering Co., Ltd | - | - | - | - | 31 |
| Total | 101,648 | 57,681 | 69,102 | 59,286 | 84,287 |

* Amount less than RMB1,000.

44. RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions (continued)

| | Year ended December 31, | | | Ten months ended | |
|---|--------------------------------|----------------|----------------|-------------------------|----------------|
| | 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> |
| | | | | <i>(unaudited)</i> | |
| Expense relating to short-term leases 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 | 3,656 | 1,865 | 1,870 | 1,629 | 2,550 |
| | | | | | |
| | | | | Ten months ended | |
| | | | | 2024 | 2025 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | | | <i>(unaudited)</i> | |
| Addition of right-of-use assets | | | | | |
| Han's Laser Technology Industry Group Co., Ltd. | 30,736 | - | - | - | - |
| | | | | | |
| | | | | Ten months ended | |
| | | | | 2024 | 2025 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | | | <i>(unaudited)</i> | |
| Interest on lease liabilities | | | | | |
| Han's Laser Technology Industry Group Co., Ltd. | 5,189 | 4,467 | 2,559 | 2,234 | 1083 |

44. RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions (continued)

| | Year ended December 31, | | | Ten months ended October 31, | |
|--|-------------------------|---------|---------|---------------------------------|---------|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | | <i>(unaudited)</i> | |
| 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 |
| | | | | <i>(unaudited)</i> | |
| 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.

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties: (continued)

The Group had the following outstanding balances with related parties:

| | 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 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 Han's 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.

Shenzhen Han's CNC Technology Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties: (continued)

The Group had the following outstanding balances with related parties:

| | 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 |

44. RELATED PARTY TRANSACTIONS (continued)

(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> | <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 | <u>(4,245)</u> | <u>4,981</u> | <u>59,768</u> | <u>49,807</u> | <u>32,685</u> |
| 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 Financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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, |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 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 | 13,116 | 10,961 | 19,063 | 20,443 |
| 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 | 161,989 | 156,397 | 216,309 | 325,192 |
| 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> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

Financial liabilities

| | | |
|----------------------------|---------------|---------------|
| Interest-bearing borrowing | <u>17,174</u> | <u>17,174</u> |
|----------------------------|---------------|---------------|

As at December 31, 2023

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

As at December 31, 2024

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

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

As at October 31, 2025

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

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**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 RMB'000 |
|---|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Financial assets | | | | |
| 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 RMB'000 |
|---|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Financial assets | | | | |
| 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 RMB'000 |
|---|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Financial assets | | | | |
| 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 |

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at October 31, 2025

| | Fair value measurement using | | | Total RMB'000 |
|---|---|---|---|------------------|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | |
| Financial assets | | | | |
| 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*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).

| | Increase/ (decrease) in exchange rates of foreign currency | Increase/ (decrease) in profit before tax |
|--|---|--|
| | <u>%</u> | <u>RMB'000</u> |
| 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 EUR | 50 | (83) |
| If RMB weakens against EUR | (50) | 83 |
| 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*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- monthECLs | Lifetime ECLs | | | Total |
|--|--------------------|--------------------|--------------------|-----------------------------------|-----------|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | |
| 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 |
| | 3,055,810 | - | - | 2,331,558 | 5,387,368 |

As at December 31, 2023

| | 12- monthECLs | Lifetime ECLs | | | Total |
|--|--------------------|--------------------|--------------------|-----------------------------------|-----------|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | |
| 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 |
| | 1,983,359 | - | - | 1,840,300 | 3,823,659 |

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*Credit risk* (continued)**As at December 31, 2024**

| | 12- monthECLs | 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- monthECLs | 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* | 51,896 | - | - | 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> |

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*Credit risk (continued)*

*For contract assets and trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Financial statements.

**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 Financial statements.

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> |

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)*Liquidity risk (continued)*

| | 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 | | | | |
| | 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 | | | | |
| | 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> |

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 maximize 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 31 December, | | | 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 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. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 January 2026.