

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

[Letterhead of GTHK]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ROBOTECHNIK INTELLIGENT TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, CITIGROUP GLOBAL MARKETS ASIA LIMITED AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of RoboTechnik Intelligent Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages IA-[●] to IA-[●], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IA-[●] to IA-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 December 2023, 2024 and 2025, of the Company's financial position as at 31 December 2023, 2024 and 2025, and of the Group's consolidated financial performance and consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividend paid by the Group in respect of the Track Record Period.

[●]

Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

[Date]

[●]

Practicing Certificate No.: [●]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for Track Record Period, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**Underlying Financial Statements**").

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	6	1,569,649	1,104,248	948,838
Cost of sales		(1,226,230)	(787,733)	(621,311)
Gross profit		343,419	316,515	327,527
Other income	7	13,310	18,349	16,499
Other gains/(losses), net	8	4,146	(323)	46,072
Selling and marketing expenses		(49,342)	(54,450)	(93,831)
Administrative expenses		(67,414)	(53,212)	(121,523)
Research and development expenses	10	(85,829)	(84,357)	(106,267)
Provision for impairment losses on assets, net	10	(60,925)	(68,748)	(87,855)
Finance costs, net	9	(13,012)	(15,913)	(29,969)
Share of results of associates		969	2,570	(1,074)
Profit/(Loss) before income tax	10	85,322	60,431	(50,421)
Income tax (expense)/credit	11	(5,853)	2,745	5,465
Profit/(Loss) for the year		79,469	63,176	(44,956)
Attributable to:				
– Owners of the Company		80,222	63,885	(45,487)
– Non-controlling interests		(753)	(709)	531
		79,469	63,176	(44,956)

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	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit/(Loss) for the year		79,469	63,176	(44,956)
Other comprehensive income/ (expense), net of tax:				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive income/(expense) of an associate, net of related income tax		9,599	(7,403)	(2,769)
Exchange differences on translation of financial statements of foreign operations, net of tax		(610)	612	1,688
Other comprehensive income/(expense) for the year.....		8,989	(6,791)	(1,081)
Total comprehensive income/(expense) for the year		88,458	56,385	(46,037)
Total comprehensive income/(expense) for the year attributable to:				
– Owners of the Company		89,303	56,989	(46,328)
– Non-controlling interests		(845)	(604)	291
		88,458	56,385	(46,037)
Earnings/(Loss) per share attributable to owners of the Company	13			
Basic (in RMB)		0.52	0.41	(0.28)
Diluted (in RMB)		0.52	0.41	(0.28)

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
<i>Notes</i>		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	15	292,296	276,959	347,736
Right-of-use assets	16	41,066	50,453	64,482
Goodwill	17	7,745	7,745	1,661,321
Intangible assets	18	12,460	7,995	171,157
Interests in associates	19	209,512	204,679	10,428
Deposits, prepayments and other				
receivables	26	–	60	11,811
Contract assets	27	210,863	163,404	71,434
Financial assets at fair value through				
profit or loss ("FVTPL")	23	30,000	44,625	44,625
Financial assets at fair value through				
other comprehensive income				
("FVOCI")	25	–	–	93,000
Deferred tax assets	35	32,177	36,544	48,994
		<u>836,119</u>	<u>792,464</u>	<u>2,524,988</u>
Current assets				
Inventories	21	500,619	205,171	410,481
Trade and bills receivables	22	362,381	518,718	751,036
Deposits, prepayments and other				
receivables	26	63,268	51,686	54,556
Contract assets	27	566,184	480,091	235,868
Tax recoverable		–	2,031	1,296
Financial assets at FVTPL	23	–	15,000	48,538
Derivative financial instruments.....	24	–	–	571
Pledged and restricted bank deposits	28	23,691	1,528	20,764
Cash and cash equivalents	28	215,118	298,593	263,662
		<u>1,731,261</u>	<u>1,572,818</u>	<u>1,786,772</u>

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	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Current liabilities				
Trade and bills payables	29	621,830	195,813	324,034
Other payables and accruals	30	87,102	42,745	134,707
Contract liabilities	31	204,174	98,808	157,428
Borrowings	32	651,414	983,383	1,004,453
Lease liabilities	34	131	–	4,305
Income tax payable		2,428	602	9,618
		<u>1,567,079</u>	<u>1,321,351</u>	<u>1,634,545</u>
Net current assets		<u>164,182</u>	<u>251,467</u>	<u>152,227</u>
Total assets less current liabilities		<u>1,000,301</u>	<u>1,043,931</u>	<u>2,677,215</u>
Non-current liabilities				
Borrowings	32	20,023	38,995	303,266
Deferred income	33	–	–	1,105
Lease liabilities	34	11	–	13,460
Deferred tax liabilities	35	–	–	21,960
		<u>20,034</u>	<u>38,995</u>	<u>339,791</u>
Net assets		<u>980,267</u>	<u>1,004,936</u>	<u>2,337,424</u>
EQUITY				
Share capital	36	110,389	155,038	167,608
Reserves	37	871,913	852,537	2,172,164
Equity attributable to owners of the Company		982,302	1,007,575	2,339,772
Non-controlling interests		(2,035)	(2,639)	(2,348)
Total equity		<u>980,267</u>	<u>1,004,936</u>	<u>2,337,424</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			
		2023	2024	2025	
Notes		RMB'000	RMB'000	RMB'000	
Non-current assets					
	Property, plant and equipment	15	41,432	40,749	39,545
	Right-of-use assets	16	12,487	11,837	11,186
	Intangible assets	18	445	213	98
	Interests in associates	19	10,193	10,087	10,428
	Interests in subsidiaries	20	595,422	609,114	2,294,167
	Contract assets	27	198,278	129,561	64,957
	Financial assets at FVTPL	23	30,000	44,625	44,625
	Financial assets at FVOCI	25	–	–	93,000
	Deferred tax assets	35	31,508	34,850	48,597
			919,765	881,036	2,606,603
Current assets					
	Inventories	21	331,280	176,885	118,598
	Trade and bills receivables	22	284,486	427,413	514,818
	Deposits, prepayments and other receivables	26	94,617	67,068	72,635
	Contract assets	27	523,348	396,451	206,476
	Derivative financial instruments.....	24	–	–	571
	Pledged and restricted bank deposits	28	17,090	1,528	15,615
	Cash and cash equivalents	28	113,856	267,070	190,988
			1,364,677	1,336,415	1,119,701
Current liabilities					
	Trade and bills payables	29	486,864	218,841	266,880
	Other payables and accruals	30	110,657	92,417	50,447
	Contract liabilities	31	144,019	78,667	22,031
	Borrowings	32	551,573	799,188	783,041
			1,293,113	1,189,113	1,122,399

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	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Net current assets/(liabilities)		71,564	147,302	(2,698)
Total assets less current liabilities		991,329	1,028,338	2,603,905
Non-current liabilities				
Borrowings	32	20,023	38,995	273,641
Deferred tax liabilities	35	–	–	86
		20,023	38,995	273,727
Net assets		971,306	989,343	2,330,178
EQUITY				
Share capital	36	110,389	155,038	167,608
Reserves	37	860,917	834,305	2,162,570
Total equity		971,306	989,343	2,330,178

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Total		
	RMB'000 (Note 36)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000	RMB'000		
Balance at 1 January 2023	110,531	(7,497)	540,171	39	36,419	191,956	871,619	(1,190)	870,429
Profit for the year	-	-	-	-	-	80,222	80,222	(753)	79,469
Other comprehensive income/(expense) for the year:									
- Share of other comprehensive income of an associate, net of related income tax	-	-	-	9,599	-	-	9,599	-	9,599
- Exchange differences on translation of financial statements of foreign operations, net of tax	-	-	-	(518)	-	-	(518)	(92)	(610)
Total comprehensive income for the year	-	-	-	9,081	-	80,222	89,303	(845)	88,458
Transactions with owners									
Dividends declared (note 12)	-	-	-	-	-	(11,053)	(11,053)	-	(11,053)
Repurchase and cancellation of restricted shares under Share Award Scheme (defined in note 36)	(142)	4,231	(4,118)	-	-	-	(29)	-	(29)
Recognition of equity-settled share-based payments	-	-	32,462	-	-	-	32,462	-	32,462
Appropriation to statutory reserves	-	-	-	-	7,561	(7,561)	-	-	-
Total transactions with owners	(142)	4,231	28,344	-	7,561	(18,614)	21,380	-	21,380
Balance at 31 December 2023	110,389	(3,266)	568,515	9,120	43,980	253,564	982,302	(2,035)	980,267

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	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Translation reserve	Statutory reserve	Retained earnings		
	RMB'000 (Note 36)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	110,389	(3,266)	568,515	9,120	43,980	253,564	982,302	980,267
Profit for the year	-	-	-	-	-	63,885	63,885	63,176
Other comprehensive income/(expense) for the year:								
- Share of other comprehensive expense of an associate, net of related income tax	-	-	-	(7,403)	-	-	(7,403)	(7,403)
- Exchange differences on translation of financial statements of foreign operations, net of tax	-	-	-	507	-	-	507	612
Total comprehensive income for the year	-	-	-	(6,896)	-	63,885	56,989	56,385
Transactions with owners								
Dividends declared (note 12)	-	-	-	-	-	(28,152)	(28,152)	(28,152)
Vesting of restricted shares under Share Award Scheme (defined in note 36)	362	-	10,448	-	-	-	10,810	10,810
Repurchase and cancellation of awarded shares under Share Award Scheme (defined in note 36)	(14)	296	(287)	-	-	-	(5)	(5)
Recognition of equity-settled share-based payments	-	-	(14,369)	-	-	-	(14,369)	(14,369)
Conversion of capital reserve into share capital (note 36)	44,301	-	(44,301)	-	-	-	-	-
Appropriation to statutory reserves	-	-	-	-	4,975	(4,975)	-	-
Total transactions with owners	44,649	296	(48,509)	-	4,975	(33,127)	(31,716)	(31,716)
Balance at 31 December 2024	155,038	(2,970)	520,006	2,224	48,955	284,322	1,007,575	1,004,936

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	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Translation reserve	Statutory reserve	Retained earnings		
	RMB'000 (Note 36)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000 (Note 37)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	155,038	(2,970)	520,006	2,224	48,955	284,322	1,007,575	1,004,936
Loss for the year	-	-	-	-	-	(45,487)	(45,487)	(44,956)
Other comprehensive income/(expense) for the year:								
- Share of other comprehensive expense of an associate, net of related income tax	-	-	-	(2,769)	-	-	(2,769)	(2,769)
- Exchange differences on translation of financial statements of foreign operations, net of tax	-	-	-	1,928	-	-	1,928	1,688
Total comprehensive loss for the year	-	-	-	(841)	-	(45,487)	(46,328)	(46,037)
Transactions with owners								
Dividends declared (note 12)	-	-	-	-	-	(7,546)	(7,546)	(7,546)
Share consideration issued for business combination (notes 36 and 43)	9,582	-	1,016,956	-	-	-	1,026,538	1,026,538
Repurchase and cancellation of restricted shares under Share Award Scheme (defined in note 36)	(84)	1,876	(1,792)	-	-	-	-	-
Unlock of awarded shares under Share Award Scheme	-	1,094	-	-	-	-	1,094	1,094
Issuance of share capital through private placement (note 36)	3,072	-	355,367	-	-	-	358,439	358,439
Total transactions with owners	12,570	2,970	1,370,531	-	-	(7,546)	1,378,525	1,378,525
Balance at 31 December 2025	167,608	-	1,890,537	1,383	48,955	231,289	2,339,772	2,337,424

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities.....				
Proceeds from sales of goods		875,269	798,590	859,005
Refund of other tax and surcharges		16,606	36,201	40,124
Cash received related to other operating activities		2,619	337	1,454
Interest income from bank balances		1,088	6,475	6,403
Proceeds from other income		2,857	1,736	8,217
Cash paid for material and services		(700,025)	(872,679)	(365,154)
Cash paid for salaries		(148,904)	(156,549)	(218,492)
Income tax and other taxes paid		(34,506)	(73,506)	(27,602)
Cash paid for office operations, travel and business hospitality		(21,525)	(23,738)	(16,622)
Cash paid for research and development expense		(6,786)	(4,719)	(12,381)
Cash paid for intermediary service fees .		(8,085)	(9,373)	(15,000)
Cash paid for advertising and promotion expense		(1,466)	(1,107)	(4,925)
Cash paid for sales commission fee		-	-	(25,781)
Cash paid related to other operating activities		(5,042)	(18,824)	(21,452)
Net cash (used in)/generated from operating activities		(27,900)	(317,156)	207,794
Cash flows from investing activities				
Proceeds from investment income		-	-	804
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		1,567	53	3
Proceeds from structured deposits		159,720	60,131	130,847
Proceeds from derivative financial instruments		-	-	331
Purchase of property, plant and equipment, intangible assets and other non-current assets		(8,557)	(25,022)	(43,108)
Purchase of structured deposits		(139,500)	(75,023)	(152,680)
Cash outflows for investments		-	(15,000)	(3,000)
Cash outflows arising on acquisition through business combinations	43	-	-	(607,304)

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	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Net cash generated from/(used in)				
investing activities		13,230	(54,861)	(674,107)
Cash flows from financing activities				
Proceeds from restricted shares		–	10,810	–
Proceeds from private placement for financing the business combination	36	–	–	358,439
Proceeds from borrowings		524,824	1,045,209	1,572,612
Repayment of borrowings		(445,124)	(552,273)	(1,418,867)
Interest paid		(13,207)	(21,443)	(34,711)
Dividend paid to owners of the Company		(11,053)	(28,152)	(7,546)
Placement of pledged deposits		–	–	(13,648)
Repurchase and cancellation of restricted shares under Share Award Scheme (<i>defined as note 36</i>)		(4,261)	(301)	(1,876)
Payments of deferred [REDACTED] expenses		–	–	(18,732)
Payments for other financing activities ..		(1,065)	(85)	(2,888)
Net cash generated from financing activities		50,114	453,765	432,783
Net increase/(decrease) in cash and cash equivalents		35,444	81,748	(33,530)
Cash and cash equivalents at the beginning of the year		177,645	215,118	298,593
Effect of foreign exchange rate changes .		2,029	1,727	(1,401)
Cash and cash equivalents at the end of the year		215,118	298,593	263,662

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is established in the People’s Republic of China (the “PRC”) with limited liability on 14 April 2011. In January 2019, the Company’s domestic shares (the “A shares”) were listed on the Shenzhen Stock Exchange (stock code: 300757). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of the Document.

The Group is principally engaged in delivering high-yield automation solutions for photovoltaic (“PV”) manufacturing enabling stable, scalable production of PV cells and modules and production, distribution, and maintenance of components used to perform high precision positioning of micro-component, as well as research and development, manufacturing and sales of Silicon Photonics (“SiPh”) equipment, optoelectronic and photonic components, including micro-optical products and laser devices, and testing equipment.

In the opinion of the directors, the Company is controlled by the Single Largest Shareholder Group (as defined in the section headed “Definitions” of the Document).

Particulars of the Company’s subsidiaries as at 31 December 2023, 2024 and 2025 and the date of this report are as follows:

Name of subsidiary	Place of establishment/ incorporation and place of business	Particulars of issued and registered capital	Equity interest attributable to owners of the Company as at						Principal activities	Notes
			31 December				Date of this report			
			2023	2024	2025		Direct	Indirect		
			Direct	Direct	Direct	Indirect	Direct	Indirect		
			(%)	(%)	(%)	(%)	(%)	(%)		
Jiece Energy Conservation Technology (Suzhou) Co., Ltd. (捷策節能科技(蘇州)有限公司)	The PRC	RMB15,363,425	100%	100%	100%	-	100%	-	Production and Sales	(c)
Suzhou Jieyunsheng Energy Technology Co., Ltd. ("Jieyunsheng") (蘇州捷運昇能源科技有限公司)	The PRC	RMB5,000,000	100%	100%	100%	-	100%	-	Trading	(e)
RoboTechnik Intelligent Technology Nantong Co., Ltd. ("RoboTechnik Nantong") (羅博特科智能科技南通有限公司)	The PRC	RMB380,000,000	100%	100%	100%	-	100%	-	Research and development, production and sales	(c)
Robotechnik Europe GmbH	Germany	Euro ("EUR") 25,000	85%	85%	85%	-	85%	-	Production and sales	(c), (f)
Suzhou Feikong Jingwei Technology Co., Ltd. ("Feikong Jingwei") (蘇州斐控晶微技術有限公司)	The PRC	RMB194,462,700	100%	100%	100%	-	100%	-	Investment	(c)
RoboTechnik Semiconductor Technology (Nantong) Co., Ltd. (羅博特科半導體科技(南通)有限公司)	The PRC	RMB300,000,000	100%	100%	100%	-	100%	-	Production and sales	(c)
Robotechnik Intelligent Technology (Shenzhen) Co., Ltd. (羅博特科智能科技(深圳)有限公司)	The PRC	RMB30,000,000	100%	100%	100%	-	100%	-	Trading	(c)
Robo Qiwu Technology (Suzhou) Co., Ltd. (羅博齊物技術(蘇州)有限公司)	The PRC	RMB1,000,000	100%	100%	100%	-	100%	-	Trading	(c)
Luxembourg Investment Company 312 S.à.r.l.	Luxembourg	EUR12,000	N/A*	N/A*	-	100%	-	100%	Investment	(c)
MicroXtechnik Investment GmbH	Germany	EUR25,000	N/A*	N/A*	-	100%	-	100%	Investment	(c)
ficonTEC Ireland Limited.	Ireland	EUR100	N/A*	N/A*	-	100%	-	100%	Research and development	(c)
Suzhou Feikong Taike Technology Co., Ltd. ("Feikong Taike") (蘇州斐控泰克技術有限公司)	The PRC	RMB1,033,722,700	N/A	N/A	81.19%	18.81%	81.19%	18.81%	Investment	(b)
ficonTEC Service GmbH ("FSG")	Germany	EUR500,000	N/A*	N/A*	6.97%	93.03%	6.97%	93.03%	Production and sales	(d)
ficonTEC Automation GmbH ("FAG")	Germany	EUR25,000	N/A*	N/A*	6.97%	93.03%	6.97%	93.03%	Production and sales	(c)

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Name of subsidiary	Place of establishment/ incorporation and place of business	Particulars of issued and registered capital	Equity interest attributable to owners of the Company as at						Principal activities	Notes		
			31 December				Date of this report					
			2023		2024		2025					
			Direct	Direct	Direct	Indirect	Direct	Indirect			Direct	Indirect
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)				
Feikong Weizu Commerce (Shanghai) Co., Ltd. [#] (飛空微組貿易(上海)有限公司)	The PRC	RMB1,000,000	N/A*	N/A*	-	100%	-	100%	Sales	(c)		
ficonTEC Service (Thailand) Co., Ltd. ("FSG Thailand")	Thailand	Thai Baht ("THB") 3,000,000	N/A*	N/A*	-	100%	-	100%	Sales and service	(c)		
ficonTEC USA, Inc.	The United States	United States dollar ("USD") 10,000	N/A*	N/A*	-	100%	-	100%	Sales and service	(c)		
ficonTEC, Inc.	The United States	USD100,000	N/A*	N/A*	-	100%	-	100%	Sales and service	(c)		
ficonTEC Eesti OÜ	Estonia	EUR2,500	N/A*	N/A*	-	100%	-	100%	Production and sales	(c)		
ficonTEST GmbH	Germany	EUR25,000	N/A**	N/A**	-	100%	-	100%	Production and sales	(c)		

* The entities are the subsidiaries of an associate, Feikong Taike which became a subsidiary through business combination in May 2025.

** The company is incorporated in Germany on 29 October 2025.

Notes:

(a) The statutory financial statements of the Group for the years ended 31 December 2023 and 2024 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Pan-China Certified Public Accountants LLP, 天健會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.

The statutory financial statements of the Group for the year ended 31 December 2025 was prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and was audited by Grant Thornton Zhitong Certified Public Accountants LLP[#], 致同會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.

(b) The statutory financial statements of Feikong Taike for the years ended 31 December 2023 and 2024 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Pan-China Certified Public Accountants LLP, 天健會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.

(c) No statutory financial statements of these subsidiaries for each of the years ended 31 December 2023, 2024 and 2025 as there are no statutory audit requirements.

(d) The statutory financial statements of the subsidiary for the years ended 31 December 2023 and 2024 were prepared in accordance with German generally accepted accounting standards (Handelsgesetzbuch) and were audited by Nordwest Revision GmbH and dhpg Wirtschaftsprüfer Rechtsanwälte Steuerberater GmbH, respectively.

(e) The statutory financial statements of the subsidiary for the years ended 31 December 2023 and 2024 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Pan-China Certified Public Accountants LLP, 天健會計師事務所(特殊普通合夥), a certified public accountant registered in the PRC.

(f) The non-controlling interest of this non-wholly owned subsidiary is considered to be insignificant to the Group. Accordingly, no summarized financial information of this non-wholly owned subsidiary is presented in the Historical Financial Information.

[#] The English translations of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

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2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period beginning on 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The early adoption of the IFRS Accounting Standards do not have significant impact on the financial positions or results of the Group during the Track Record Period.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarized in Note 3. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis, except for certain financial assets which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on the management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Basis of consolidation

The Historical Financial Information incorporates the financial information of the Company and its subsidiaries for the Track Record Period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of subsidiaries in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealized losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

In the Company's statements of financial position, subsidiaries are carried at cost less any impairment loss. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of each Track Record Period. All dividends whether received out of the investee's pre or post-acquisition profits are recognized in the Company's profit or loss.

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3.2 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are recognized in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognized in profit or loss.

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

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at the end of each Track Record Period at fair value with changes in fair value recognized in profit or loss.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of each Track Record Period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

3.3 Associates

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

In the Historical Financial Information, an investment in associates is initially recognized at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate

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recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the Track Record Period includes the Group's share of the post-acquisition, post-tax results of the associates for the Track Record Period including any impairment loss on the investment in associates recognized for the Track Record Period. The Group's other comprehensive income for the year includes its share of an associate's other comprehensive income for the Track Record Period.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in associates equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associates is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associates.

After the application of equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. At the end of each Track Record Period, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate.

In the Company's statements of financial position, interests in associates are accounted for using the equity method.

3.4 Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information are presented in RMB, which is the same as the Company's functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of each Track Record Period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the end of each Track Record Period retranslation of monetary assets and liabilities are recognized in profit or loss.

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Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of each Track Record Period. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the Track Record Period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the "Translation reserve" in equity.

3.5 Property, plant and equipment

Property, plant and equipment (other than construction in progress ("CIP") as described below) are initially stated at acquisition cost or manufacturing costs (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at costs less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets (other than CIP) less their residual values over their estimated useful lives, using the straight-line basis over their estimated useful lives as follows:

Buildings and structures	30 years
Machinery and equipment	3-10 years
Leasehold improvement	Over the lease term
Motor vehicle	4 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

CIP represents property, plant and equipment under construction and is stated at cost less any impairment losses. Costs includes cost of construction and other direct costs (such as costs of materials, direct labor and borrowing costs).

No provision for depreciation has been provided for CIP until such time relevant assets are available for use, at which time they will be transferred to appropriate category of property, plant and equipment.

3.6 Prepaid lease payments

Prepaid lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

3.7 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") and is tested at least annually for impairment. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalized is included in the determination of the amount of gain or loss on disposal.

3.8 Intangible assets (other than goodwill) and research and development activities

Intangible assets (other than goodwill)

Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Amortization commences when the intangible assets are available for use. The following useful lives are applied:

Non-patented technologies	10 years
Software and others	3-5 years

The assets' amortization methods and useful lives are reviewed, and adjusted if appropriate, at the end of each Track Record Period.

Intangible assets, with finite and indefinite useful lives, are tested for impairment as described below in Note 3.21.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognized as intangible assets provided they meet all of the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognized as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

3.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets are classified into the following categories:

- amortized cost;
- FVTPL; or
- FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within "Finance costs, net" or other financial items, net except for ECL of trade and other receivables which is presented in "Provision for impairment losses on assets, net" as a separate line item in profit or loss.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included in "Finance costs, net" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and bills receivables, other receivables, pledged and restricted bank deposits and cash and cash equivalents fall into this category of financial assets.

Financial assets at FVOCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

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Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "Fair value reserve" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in "Fair value reserve" will not be reclassified to profit or loss upon disposal of the equity investments, and will continue to be held in the "Fair value reserve."

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established. Dividends are included in the "Other income" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and bills payables, other payables and accruals, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortized cost using the effective interest method.

All interest-related charges are reported in profit or loss are included in "Finance costs, net". Accounting policies of lease liabilities are set out in Note 3.14.

Trade and bills payables and other payables and accruals

Trade and bills payables and other payables and accruals are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of each Track Record Period, the Group has a right to defer settlement of the liability for at least twelve months after the end of each Track Record Period.

Covenants that the Group is required to comply with, on or before the end of the Track Record Period, are considered in classifying loan arrangement with covenants as current or non-current. Covenants that the Group is required to comply with after the Track Record Period do not affect the classification.

3.10 Impairment of financial assets and contract assets

IFRS 9's impairment requirements use forward-looking information to recognize ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortized cost and FVOCI, and trade and bills receivables and contract assets.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

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"Stage 3" would cover financial assets that have objective evidence of impairment at the end of each Track Record Period.

"12-month ECL" are recognized for the Stage 1 category while "lifetime ECL" are recognized for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial assets.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at the end of each Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has individually assessed or established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Other financial assets measured at amortized cost and bills receivable at FVOCI

The Group measures the loss allowance for other receivables and bills receivables at FVOCI equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each Track Record Period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Detailed analysis of the ECL assessment of trade and bills receivables and other financial assets measured at amortized cost and debt investments at FVOCI are set out in Note 44.2.

Credit-impaired financial assets

At the end of each Track Record Period, the Group assesses on a forward-looking basis whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an assets that was previously written off are recognized in profit or loss of the period in which the reversal occurs.

3.11 Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 3.10 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognized when the customer pays consideration before the Group recognizes the related revenue. A contract liability would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

3.14 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments). The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

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

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve month or less.

On the consolidated statements of financial position, prepaid land lease, leasehold properties and leased motor vehicle have been included in right-of-use assets under non-current assets.

The prepaid lease payments for leasehold land are presented as "Prepaid lease payments" under non-current assets. Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group as a lessor

As a lessor, the Group classifies its leases as operating leases. Rental income is recognized on a straight-line basis over the term of the lease.

3.15 Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each Track Record Period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedged accounting under IFRS 9.

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3.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each Track Record Period and adjusted to reflect the current best estimate.

3.17 Share capital

Share capital are classified as equity. Share capital is recognized at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.18 Revenue recognition and other contract costs

Revenue arises mainly from the sales of PV manufacturing solutions, SiPh assembly and testing equipment and other equipment, as well as the provision of technical services.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time, when the Group satisfies performance obligations by transferring the promised goods to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liabilities under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from sales of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognized when the performance obligation has been satisfied at a point in time.

Revenue from sales of PV manufacturing solutions, SiPh assembly and testing equipment, other equipment are generally recognized upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements which representing the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment.

Revenue from waste and technical services generally involves a performance obligation for the provision of services, which is recognized when the performance obligation is satisfied at a point in time.

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The services to be provided during the retention period is considered as an assurance-type warranty in order to ensure the equipment will be operational as needed and is accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Contract liabilities are recognized when the advance payments are received but revenue has yet been recognized. Retention receivables are classified as contract assets and are transferred to trade receivables when the rights become unconditional.

Rental income

Accounting policies for rental income are set out in Note 3.14.

Other contract cost

Incremental cost of obtaining a contract is capitalized if the Group expects to recover those costs, unless the amortization period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group applies a practical expedient of recognizing the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

3.19 Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

3.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognized in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities as "Deferred income" in the consolidated statements of financial position and are recognized in profit or loss on a straight-line basis over the expected lives of the related assets/deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

Government grants relating to income is presented in gross under "Other income" in the consolidated statements of profit or loss and other comprehensive income.

3.21 Impairment of non-financial assets other than goodwill (see the accounting policy in respect of goodwill above)

Property, plant and equipment, right-of-use assets, intangible assets, interests in associates and the Company's interests in subsidiaries and associates are subject to impairment testing. Other intangible assets not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

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Impairment losses recognized for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

In respect of non-financial assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.22 Employee benefits

Retirement benefit

The Group contributes to defined contribution retirement plans which are available to eligible employees. Contributions to the plans by the Group are calculated as a percentage of employees' basic salaries. The retirement benefit plan cost charged to profit or loss represents contributions payable by the Group to the funds. The Group's contributions to the defined contribution retirement plans are expensed as incurred.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable at the end of each Track Record Period.

Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognized as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each Track Record Period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

Termination benefit

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes costs for any related restructuring.

Share-based employee compensation

The Group operates restricted shares incentive schemes which are equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted.

All share-based compensation is recognized as an expense in profit or loss over the vesting period if vesting conditions apply, or recognized as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "Capital reserve" in equity. If vesting conditions apply, the expense is recognized over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently reviewed, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a review is recognized in the current period.

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If the equity instruments granted are canceled or settled during the vesting period (other than a grant canceled by forfeiture when the vesting conditions are not satisfied), the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognized for services receive over the remainder of the vesting period is recognized immediately in profit or loss.

3.23 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

3.24 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior Track Record Period, that are unpaid at the end of each Track Record Period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of each Track Record Period between the carrying amounts of assets and liabilities in Historical Financial Information and their respective tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the end of each Track Record Period.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognized amounts; and
- (b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize 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.

3.25 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the "CODM") for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

3.26 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the "Capital reserve".

3.27 Related parties

For the purpose of the Historical Financial Information, 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 if 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.
- (b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).
 - (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).
 - (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.

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

4. ADOPTION OF NEW AND AMENDED IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards as issued by the IASB, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

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A number of new and amended IFRS Accounting Standards have been issued but not yet effective for annual periods beginning after 1 January 2025, and have not been applied in preparing the Historical Financial Information:

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

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

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

³ Effective date not yet determined

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in IAS 1, with limited changes, and some IAS 1 requirements will be moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures".

IFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to IAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other IFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Company are currently working to identify all the impacts of IFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. Based on the preliminary assessment made by the directors, the adoption of IFRS 18 is not expected to have any significant impact on the financial performance and financial position of the Group, but has impact on the presentation and disclosure of the Group's financial statements. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as "other".

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The directors of the Company anticipate that all of the new and amended IFRS Accounting Standards will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of these new and amended IFRS Accounting Standards. These new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's results of operations and financial position.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.7, by considering whether the carrying amount of CGUs exceed the recoverable amount of respective CGUs. The recoverable amount of the CGUs which goodwill attributable to is determined based on fair value less cost of disposal.

The Group calculates the recoverable amount under the market approach. The fair value was determined with reference to the valuation reports prepared by an independent valuer not connected to the Group based on the enterprise value-to-sales multiples (the "EV/S Multiples") of comparable companies with similar business nature and operations as the CGU. The estimated average EV/S Multiples and marketability discount rate were subject to higher degree of estimation uncertainties. Other key estimation included the cost of disposal based on estimation by the management of the Group.

Details of the estimates of the recoverable amounts of CGUs containing goodwill are disclosed in Note 17.

Estimation of impairment of trade and bills receivables, other receivables and contract assets

The Group makes allowances on items subjects to ECL (including trade and bills receivables, other receivables and contract assets) based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in Note 3.10.

As at 31 December 2023, 2024 and 2025, the aggregate carrying amounts of trade and bills receivables, other receivables and contract assets amounted to RMB1,140,908,000, RMB1,164,667,000 and RMB1,064,616,000, net of loss allowance of RMB118,733,000, RMB133,234,000 and RMB202,776,000 respectively.

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amounts of trade and bills receivables, other receivables, and contract assets and related credit losses in the periods in which such estimate has been changed.

Net realizable value of inventories

Net realizable value of inventories is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each Track Record Period. During the Track Record Period, the provision for inventories, amounting to RMB18,635,000, RMB50,508,000, and RMB16,808,000 have been recognized as expense respectively.

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6. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Disaggregation of revenue from contracts with customers			
PV manufacturing solutions	1,490,398	1,021,418	433,059
SiPh assembly and testing equipment	–	50,178	439,131
Others (<i>note</i>)	79,251	32,652	76,648
	1,569,649	1,104,248	948,838

Note: Mainly includes sales of technical services, other equipment and spare parts.

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services at a point in time and is analyzed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At a point in time	1,569,649	1,104,248	948,838

Segment information

The chief operating decision maker is the Board of the Company.

For the year ended 31 December 2025, the Group acquired a subsidiary that is engaged in the research and development, manufacturing and sales of SiPh equipment, optoelectronics and photonic components, including micro-optical products, laser devices, and testing equipment. As a result, the basis of segmentation is changed and the Group has identified the following reportable segments:

- (a) PV and SiPh equipment with related services – Production and sales business of the Group (excluding Feikong Jingwei and its subsidiaries) ("**Segment A**")
- (b) SiPh assembly and testing equipment with related services – Production and sales business of Feikong Jingwei and its subsidiaries ("**Segment B**")

The segment information in relation to Segment B for the years ended 31 December 2023 and 2024 is not presented as the management considered it is immaterial to the Group. Accordingly, no business segment analysis information was presented.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments other than the gain on remeasurement for step acquisition.

All assets are allocated to reportable segments other than unallocated head office and corporate assets; and all liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities.

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Reconciliation of reportable segment revenue, results, assets and liabilities:

	Year ended 31 December 2025
	RMB'000
Revenue	
Reportable segment revenue	981,279
Elimination of inter-segment revenue	(32,441)
	<hr/>
Consolidated revenue	948,838
	<hr/> <hr/>
	Year ended 31 December 2025
	RMB'000
Loss	
Reportable segment loss	(97,412)
Gain on remeasurement for step acquisition (<i>note 8</i>)	48,447
Elimination of inter-segment profit	(1,456)
	<hr/>
Consolidated loss before income tax	(50,421)
	<hr/> <hr/>
	As at 31 December 2025
	RMB'000
Assets	
Reportable segment assets	4,386,756
Eliminated upon consolidation	(74,996)
	<hr/>
Consolidated total assets	4,311,760
	<hr/> <hr/>
Liabilities	
Reportable segment liabilities	2,049,332
Eliminated upon consolidation	(74,996)
	<hr/>
Consolidated total liabilities	1,974,336
	<hr/> <hr/>

Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, interests in associates, and goodwill ("**Specified non-current assets**"). The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of the Specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment (including deposits paid for acquisition of property, plant and equipment), and right-of-use assets, the location of the operations to which they are allocated in the case of intangible assets and goodwill, and the location of operations of associates in the case of interests in associates.

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	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
Chinese Mainland	1,232,831	814,963	291,159
India	66,409	199,000	156,528
Germany	25,197	52,240	69,118
Thailand	225,419	1,098	186,109
The United States	–	31,013	30,127
Taiwan, China.....	–	5	85,130
Israel	–	–	53,539
Other countries/regions (note)	19,793	5,929	77,128
	1,569,649	1,104,248	948,838

Note: Other countries/regions mainly include Malaysia, Indonesia and Canada.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Specified non-current assets			
The PRC	363,064	352,687	2,060,381
Other countries/regions (note)	200,015	195,144	206,554
	563,079	547,831	2,266,935

Note: Other countries/regions mainly include Germany and the United States, etc.

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer D.....	309,322	326,456	N/A*
Customer E	N/A*	154,223	N/A*
Customer G	243,983	N/A*	N/A*
Customer H	178,625	N/A*	N/A*
Customer M	N/A*	N/A*	135,151
Customer N	N/A*	N/A*	149,495
Customer O	N/A*	N/A*	183,805

* The corresponding revenue did not contribute over 10% of the total revenue of the Group during that particular year.

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7. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants (<i>note (i)</i>)	2,773	1,737	8,597
Refund of value-added tax and additional deduction (<i>note (ii)</i>)	8,378	14,501	6,636
Rental income	1,888	2,050	974
Interest income from financial assets	217	–	–
Sundry income	54	61	292
	13,310	18,349	16,499

Notes:

- (i) Government grants mainly relates to cash subsidies in respect of operating and development activities from government which are either unconditional grants or grants with conditions having been satisfied.
- (ii) In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on 13 October 2011 and came into effect on 1 January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value-added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

In addition, effective from 1 January 2023 to 31 December 2027, the net value added tax payables amount has been reduced by an additional 5% of value added tax on purchases, pursuant to the announcements jointly issued by the Ministry of Finance and the State Taxation Administration of the PRC on 3 September 2023.

8. OTHER GAINS/(LOSSES), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gain on remeasurement for step acquisition (<i>note 43</i>)	–	–	48,447
Net gain/(loss) on disposal/written-off of property, plant and equipment	292	(2)	(76)
Net foreign exchange gain/(loss)	1,653	(711)	(2,449)
Gain on deemed disposal of an associate (<i>note 19</i>)	3,090	–	–
Net realized and unrealized gain on derivative financial instruments	–	–	902
Others	(889)	390	(752)
	4,146	(323)	46,072

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9. FINANCE COSTS, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance cost			
Interest expenses on bank borrowings	12,836	22,138	35,234
Interest expenses on lease liabilities	8	3	578
Interest expenses on discounted bills receivable	1,256	247	564
	<u>14,100</u>	<u>22,388</u>	<u>36,376</u>
Finance income			
Interest income from bank balances	(1,088)	(6,475)	(6,407)
Net finance cost	<u>13,012</u>	<u>15,913</u>	<u>29,969</u>

10. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Staff costs (including directors' emoluments (note 14)) (note (a))			
Salaries, wages and other benefits	119,287	115,930	182,361
Retirement benefit scheme contributions (note (i))	12,095	11,556	23,237
Equity settled share-based payments	30,849	(15,670)	–
	<u>162,231</u>	<u>111,816</u>	<u>205,598</u>
Depreciation and amortization:			
Depreciation of property, plant and equipment	23,362	22,295	23,780
Depreciation of right-of-use assets	1,370	1,514	4,166
Amortization of intangible assets	5,966	4,465	27,077
Total depreciation and amortization	<u>30,698</u>	<u>28,274</u>	<u>55,023</u>
Research and development expenses:			
– Staff cost	42,804	46,780	65,362
– Raw material cost	16,894	23,451	14,903
– Depreciation and amortization	13,736	12,148	13,621
– Equity settled share-based payment	5,609	(2,741)	–
– Others	6,786	4,719	12,381
Total research and development expenses	<u>85,829</u>	<u>84,357</u>	<u>106,267</u>

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	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of inventories recognized as an expense (note (ii))	1,190,815	786,226	620,324
Provision for impairment losses on assets, net			
– Inventories	18,635	50,508	16,808
– Trade and bills receivables	17,256	20,109	62,130
– Other receivables	(71)	(69)	324
– Contract assets	25,105	(1,800)	8,593
Total provision, net	60,925	68,748	87,855
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Auditor’s remuneration	900	1,150	2,008
Short-term lease charge	575	406	5,273

Notes:

- (i) During the Track Record Period, no forfeited contributions were utilized by the Group to reduce its contributions. The Group has no plan to utilize any amount from forfeited contributions to reduce its contributions for the future years either.
- (ii) During the Track Record Period, the cost of inventories included RMB113,356,000, RMB89,523,000 and RMB134,721,000, respectively, relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately for each of these types of expenses.

11. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current – The PRC			
– Charge for the year	2,457	302	2,984
– Under-provision in prior year.....	–	19	105
	2,457	321	3,089
Current – Overseas			
– Charge for the year	–	–	11,139
– Under-provision in prior year	–	–	1,145
	2,457	321	15,373
Deferred tax expense/(credit)	3,396	(3,066)	(20,838)
Total income tax expense/(credit)	5,853	(2,745)	(5,465)

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the Track Record Period, except for the Company and a subsidiary have been certified as “High and New Technology Enterprises” and enjoyed a preferential 15% corporate income tax rate during the Track Record Period.

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According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the year.

Corporate income tax in other jurisdictions income tax on profit arising from other jurisdictions, including the United States, European countries and Thailand, etc, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12.5% to 31.93%.

According to the "Investment Promotion Certificate" issued by the Board of Investment, it is possible to receive a tax exemption of up to 100% of the net profit income tax (excluding land and working capital investments) based on the investment amount, with tax benefits effective from the date business income is generated. In accordance with the aforementioned regulations, during the Track Record Period, FSG Thailand is exempted from corporate income tax for income that qualifies under the local investment promotion committee's incentive policies.

The difference between the actual income tax charge in the consolidated statements of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit/(loss) before income tax can be reconciled as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit/(Loss) before income tax	85,322	60,431	(50,421)
Tax on profit/(loss) before income tax, calculated at the Company's rate, 15%	12,798	9,065	(7,563)
Tax effect of share of profit/(loss) of associates	(223)	(653)	303
Tax effect of different tax rates of entities operating in other jurisdictions	633	(1,094)	2,432
Tax effect of non-taxable income	(463)	(378)	(156)
Tax effect of expenses not deductible	492	855	1,851
Tax effect of unrecognized deductible temporary differences	4,309	3,115	5,522
Tax effect of withholding tax paid	-	-	1,229
Additional deduction on research and development expenses	(11,693)	(13,674)	(9,745)
Utilisation of tax losses/deductible temporary differences previously not recognised	-	-	(588)
Under-provision in respect of prior year	-	19	1,250
Income tax expense/(credit)	5,853	(2,745)	(5,465)

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12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividend for ordinary shareholders of the Company recognized as distribution:			
2022 Final – RMB0.1 per share	11,053	–	–
2023 Final – RMB0.18 per share	–	19,935	–
2024 Interim – RMB0.053 per share	–	8,217	–
2024 Final – RMB0.045 per share	–	–	7,546
	<u>11,053</u>	<u>28,152</u>	<u>7,546</u>

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	Year ended 31 December		
	2023	2024	2025
Earnings/(Loss):			
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share attributable to owners of the Company (RMB'000)	<u>80,222</u>	<u>63,885</u>	<u>(45,487)</u>
Number of shares:			
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (thousand shares)	154,767	154,910	162,040
Adjustments for restricted shares (thousand shares)	<u>593</u>	<u>75</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share (thousand shares)	<u>155,360</u>	<u>154,985</u>	<u>162,040</u>

As a result of the Group's net loss for the year ended 31 December 2025, the potentially dilutive ordinary shares in issue was excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

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14. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The emoluments paid or payable to each of the directors and supervisors were as follows:

Name of director/supervisor	Notes	Fees	Salaries, bonus and allowances	Retirement benefit scheme contributions	Equity settled share-based payment	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023						
Executive directors:						
Mr. Dai Jun		-	1,574	59	-	1,633
Mr. Zhang Jianwei	(xii)	-	528	46	580	1,154
Mr. Li Weibin	(xi)	-	969	46	5,802	6,817
		-	3,071	151	6,382	9,604
Non-executive director:						
Mr. Wang Hongjun	(xiii)	-	-	-	-	-
Independent non-executive directors:						
Mr. Niu Dan	(v)	60	-	-	-	60
Mr. Chen Lihu		60	-	-	-	60
Mr. Zhu Zhaobin		60	-	-	-	60
		180	-	-	-	180
Supervisors:						
Mr. Zhang Xueqiang	(xiv)	-	729	46	-	775
Mr. Wu Tingbin	(i)	-	104	5	-	109
Mr. Tang Tao	(vi)	-	348	46	-	394
Ms. Yang Linghua	(xiv)	-	257	35	-	292
Ms. Yang Xueli	(xiv)	-	939	46	6,769	7,754
Mr. Xie Xianqing	(iii)	-	220	16	-	236
Ms. Li Liangyu	(x)	-	664	46	967	1,677
		-	3,261	240	7,736	11,237
Year ended 31 December 2024						
Executive directors:						
Mr. Dai Jun		-	1,589	60	-	1,649
Mr. Zhang Jianwei	(xii)	-	546	46	(284)	308
Mr. Li Weibin	(xi)	-	1,073	46	(2,835)	(1,716)
		-	3,208	152	(3,119)	241
Non-executive director:						
Mr. Wang Hongjun	(xiii)	-	-	-	-	-

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Name of director/supervisor	Notes	Fees	Salaries, bonus and allowances	Retirement benefit scheme contributions	Equity settled share-based payment	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Independent non-executive directors:						
Mr. Niu Dan	(v)	12	-	-	-	12
Mr. Chen Lihu		80	-	-	-	80
Mr. Zhu Zhaobin		80	-	-	-	80
Mr. Ling Xufeng	(iii)	68	-	-	-	68
		<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>
Supervisors:						
Mr. Zhang Xueqiang	(xiv)	-	761	46	-	807
Mr. Pang Sheng	(iv)	-	146	24	-	170
Mr. Tang Tao	(vi)	-	79	12	-	91
Ms. Yang Linghua	(xiv)	-	255	35	-	290
Ms. Yang Xueli	(xiv)	-	904	46	(3,308)	(2,358)
Ms. Li Liangyu	(x)	-	601	46	(473)	174
		<u>-</u>	<u>2,746</u>	<u>209</u>	<u>(3,781)</u>	<u>(826)</u>
Year ended 31 December 2025						
Executive directors:						
Mr. Dai Jun		-	1,947	66	-	2,013
Mr. Zhang Jianwei	(xii)	-	351	34	-	385
Mr. Zhu Huaqiao	(vii)	-	159	13	-	172
Ms. Li Liangyu	(x)	-	602	47	-	649
Mr. Torsten Vahrenkamp (“Mr. Torsten”)	(vii)	-	-	-	-	-
		<u>-</u>	<u>3,059</u>	<u>160</u>	<u>-</u>	<u>3,219</u>
Non-executive director:						
Mr. Wang Hongjun	(xiii)	-	-	-	-	-
Independent non-executive directors:						
Mr. Chen Lihu		80	-	-	-	80
Mr. Zhu Zhaobin		80	-	-	-	80
Mr. Ling Xufeng	(iii)	56	-	-	-	56
Mr. Yan Houmin	(viii)	24	-	-	-	24
		<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240</u>
Supervisors:						
Mr. Zhang Xueqiang	(xiv)	-	502	34	-	536
Mr. Li Weibin	(xi)	-	924	47	-	971
Mr. Pang Sheng	(iv)	-	119	16	-	135
Ms. Yang Linghua	(xiv)	-	174	22	-	196
Ms. Yang Xueli	(xiv)	-	571	34	-	605
Mr. Liu Yang	(x)	-	161	13	-	174
		<u>-</u>	<u>2,451</u>	<u>166</u>	<u>-</u>	<u>2,617</u>

Notes:

(i) Mr. Wu Tingbin resigned as a supervisor of the Company on 23 January 2023.

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- (ii) Mr. Xie Xianqing resigned as a supervisor of the Company on 31 March 2023.
- (iii) Mr. Ling Xufeng was appointed and resigned as an independent non-executive director of the Company on 24 February 2024 and 15 September 2025 respectively.
- (iv) Mr. Pang Sheng was appointed and resigned as a supervisor of the Company on 26 March 2024 and 15 September 2025 respectively.
- (v) Mr. Niu Dan resigned as an independent non-executive director of the Company on 23 February 2024.
- (vi) Mr. Tang Tao resigned as a supervisor of the Company on 25 March 2024.
- (vii) Mr. Torsten and Mr. Zhu Huaqiao were appointed as executive directors of the Company on 15 September 2025.
- (viii) Mr. Yan Houmin was appointed as an independent non-executive director of the Company on 15 September 2025.
- (ix) Mr. Liu Yang was appointed as a supervisor of the Company on 15 September 2025.
- (x) Ms. Li Liangyu was designated from a supervisor to an executive director of the Company on 15 September 2025.
- (xi) Mr. Li Weibin was designated from an executive director to a supervisor of the Company on 15 September 2025.
- (xii) Mr. Zhang Jianwei resigned as executive director of the Company on 15 September 2025.
- (xiii) Mr. Wang Hongjun resigned as a non-executive director of the Company on 15 September 2025.
- (xiv) Mr. Zhang Xueqiang, Ms. Yang Linghua and Ms. Yang Xueli resigned as supervisors of the Company on 15 September 2025.

The emoluments shown above represent emoluments received by the directors in the capacity as directors/employees of the companies comprising the Group during the Track Record Period.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the Track Record Period.

(b) Five highest paid individuals

For the Track Record Period, the five individuals whose emoluments were the highest in the Group include 3, 3 and 1 directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining 2, 2 and 4 individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonus and allowances	1,936	1,804	4,783
Retirement benefit scheme contributions	92	92	35
Equity settled share-based payment	1,934	(945)	-
	3,962	951	4,818

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The above individuals' emoluments are within the following band:

	Year ended 31 December		
	2023	2024	2025
	Number of individuals		
Emolument bands			
Below HK\$1,000,000	-	2	1
HK\$1,000,000 to HK\$1,500,000	-	-	2
HK\$1,500,001 to HK\$2,000,000	-	-	1
HK\$2,000,001 to HK\$2,500,000	2	-	-
	<u>2</u>	<u>-</u>	<u>-</u>

No directors or the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. No directors or the five highest paid individuals has waived or agreed to waive any emoluments during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structures	Machinery and equipment	Motor vehicle	Leasehold improvement	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023						
Cost	250,676	98,307	2,753	1,420	20,486	373,642
Accumulated depreciation	(23,682)	(35,145)	(1,948)	(631)	-	(61,406)
Net carrying amount	226,994	63,162	805	789	20,486	312,236
Year ended 31 December 2023						
Opening net carrying amount	226,994	63,162	805	789	20,486	312,236
Additions	-	1,499	1,521	78	1,379	4,477
Disposals/Written-off	-	(95)	(1,000)	-	-	(1,095)
Depreciation	(7,987)	(14,204)	(462)	(709)	-	(23,362)
Exchange adjustments	-	40	-	-	-	40
Transfer from CIP	142	73	-	-	(215)	-
Closing net carrying amount	219,149	50,475	864	158	21,650	292,296
At 31 December 2023 and 1 January 2024						
Cost	250,818	98,095	1,841	1,498	21,650	373,902
Accumulated depreciation	(31,669)	(47,620)	(977)	(1,340)	-	(81,606)
Net carrying amount	219,149	50,475	864	158	21,650	292,296

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	Buildings and structures	Machinery and equipment	Motor vehicle	Leasehold improvement	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024						
Opening net carrying amount	219,149	50,475	864	158	21,650	292,296
Additions	-	503	255	330	5,988	7,076
Disposals/Written-off	-	(63)	(28)	-	-	(91)
Depreciation	(7,986)	(13,597)	(364)	(348)	-	(22,295)
Exchange adjustments	-	(27)	-	-	-	(27)
Transfer from CIP	-	-	274	-	(274)	-
Closing net carrying amount	<u>211,163</u>	<u>37,291</u>	<u>1,001</u>	<u>140</u>	<u>27,364</u>	<u>276,959</u>
At 31 December 2024 and 1 January 2025						
Cost	250,818	97,911	1,827	1,828	27,364	379,748
Accumulated depreciation	(39,655)	(60,620)	(826)	(1,688)	-	(102,789)
Net carrying amount	<u>211,163</u>	<u>37,291</u>	<u>1,001</u>	<u>140</u>	<u>27,364</u>	<u>276,959</u>
Year ended 31 December 2025						
Opening net carrying amount	211,163	37,291	1,001	140	27,364	276,959
Additions	-	7,987	1,120	-	74,576	83,683
Acquisition through business combination (note 43)	-	9,953	836	-	-	10,789
Disposals/Written-off	-	(78)	-	-	-	(78)
Depreciation	(8,078)	(14,955)	(678)	(69)	-	(23,780)
Exchange adjustments	-	161	2	-	-	163
Transfer from CIP	4,833	-	-	-	(4,833)	-
Closing net carrying amount	<u>207,918</u>	<u>40,359</u>	<u>2,281</u>	<u>71</u>	<u>97,107</u>	<u>347,736</u>
At 31 December 2025						
Cost	255,651	115,566	3,787	140	97,107	472,251
Accumulated depreciation	(47,733)	(75,207)	(1,506)	(69)	-	(124,515)
Net carrying amount	<u>207,918</u>	<u>40,359</u>	<u>2,281</u>	<u>71</u>	<u>97,107</u>	<u>347,736</u>

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The Company

	Machinery and equipment	Motor vehicle	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023				
Cost	40,046	1,788	20,486	62,320
Accumulated depreciation	(15,694)	(1,343)	-	(17,037)
Net carrying amount	24,352	445	20,486	45,283
Year ended 31 December 2023				
Opening net carrying amount	24,352	445	20,486	45,283
Additions	825	1,524	1,142	3,491
Disposals/Written-off	(91)	(1,000)	-	(1,091)
Depreciation	(6,006)	(245)	-	(6,251)
Closing net carrying amount	19,080	724	21,628	41,432
At 31 December 2023 and 1 January 2024				
Cost	39,005	876	21,628	61,509
Accumulated depreciation	(19,925)	(152)	-	(20,077)
Net carrying amount	19,080	724	21,628	41,432
Year ended 31 December 2024				
Opening net carrying amount	19,080	724	21,628	41,432
Additions	370	255	4,923	5,548
Disposals/Written-off	(11)	-	-	(11)
Depreciation	(5,942)	(278)	-	(6,220)
Transfer from CIP	-	274	(274)	-
Closing net carrying amount	13,497	975	26,277	40,749
At 31 December 2024 and 1 January 2025				
Cost	39,154	1,405	26,277	66,836
Accumulated depreciation.....	(25,657)	(430)	-	(26,087)
Net carrying amount.....	13,497	975	26,277	40,749
Year ended 31 December 2025				
Opening net carrying amount	13,497	975	26,277	40,749
Additions	4,683	1,064	43	5,790
Disposals/Written-off.....	(14)	-	-	(14)
Depreciation.....	(6,449)	(531)	-	(6,980)
Closing net carrying amount.....	11,717	1,508	26,320	39,545

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	Machinery and equipment	Motor vehicle	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025				
Cost	43,563	2,469	26,320	72,352
Accumulated depreciation	(31,846)	(961)	-	(32,807)
Net carrying amount	11,717	1,508	26,320	39,545

Due to the loss incurred for the year ended 31 December 2025 of the Company, the management of the Company concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of non-financial assets, including property, plant and equipment, intangible assets and right-of-use assets of the Company.

The recoverable amount of CGU has been determined based on a value-in-use calculation. That calculation used a cash flow projection based on financial budgets approved by the management covering the next 5 years with a pre-tax discount rate of 11.8%. The Company estimates pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Following a 2026 revenue growth supported by existing sales order and commitments, revenue growth rate of 0% to 4.5% was estimated from 2027 onwards.

Management's evaluation indicates that the CGU's recoverable amount remains above its carrying amount. Accordingly, no provision for impairment on non-financial assets has been recorded.

16. RIGHT-OF-USE ASSETS

The Group

	Prepaid land lease	Leasehold properties and equipment	Motor vehicle	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023				
Cost	48,144	1,031	-	49,175
Accumulated depreciation	(6,808)	(989)	-	(7,797)
Net carrying amount	41,336	42	-	41,378
Year ended 31 December 2023				
Opening net carrying amount	41,336	42	-	41,378
Additions	-	251	807	1,058
Depreciation	(1,159)	(157)	(54)	(1,370)
Closing net carrying amount	40,177	136	753	41,066
At 31 December 2023 and 1 January 2024				
Cost	48,144	251	807	49,202
Accumulated depreciation	(7,967)	(115)	(54)	(8,136)
Net carrying amount	40,177	136	753	41,066

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	Prepaid land lease	Leasehold properties and equipment	Motor vehicle	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Opening net carrying amount	40,177	136	753	41,066
Additions	10,964	-	-	10,964
Early termination of a lease	-	(63)	-	(63)
Depreciation	(1,280)	(73)	(161)	(1,514)
Closing net carrying amount	49,861	-	592	50,453
At 31 December 2024 and 1 January 2025				
Cost	59,108	-	807	59,915
Accumulated depreciation	(9,247)	-	(215)	(9,462)
Net carrying amount	49,861	-	592	50,453
Year ended 31 December 2025				
Opening net carrying amount	49,861	-	592	50,453
Addition	-	2,056	-	2,056
Acquired through business combination (note 43)	-	16,503	-	16,503
Elimination upon business combination	-	-	(431)	(431)
Depreciation	(1,524)	(2,481)	(161)	(4,166)
Exchange adjustments	-	67	-	67
Closing net carrying amount	48,337	16,145	-	64,482
At 31 December 2025				
Cost	59,107	18,634	-	77,741
Accumulated depreciation	(10,770)	(2,489)	-	(13,259)
Net carrying amount	48,337	16,145	-	64,482
The Company				
	Prepaid land lease	Motor vehicle	Total	
	RMB'000	RMB'000	RMB'000	
At 1 January 2023				
Cost	14,667	-	14,667	
Accumulated depreciation	(2,444)	-	(2,444)	
Net carrying amount	12,223	-	12,223	
Year ended 31 December 2023				
Opening net carrying amount	12,223	-	12,223	
Additions	-	807	807	
Depreciation	(489)	(54)	(543)	
Closing net carrying amount	11,734	753	12,487	

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	Prepaid land lease	Motor vehicle	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024			
Cost	14,667	807	15,474
Accumulated depreciation	(2,933)	(54)	(2,987)
Net carrying amount	11,734	753	12,487
Year ended 31 December 2024			
Opening net carrying amount	11,734	753	12,487
Depreciation	(489)	(161)	(650)
Closing net carrying amount	11,245	592	11,837
At 31 December 2024 and 1 January 2025			
Cost	14,667	807	15,474
Accumulated depreciation	(3,422)	(215)	(3,637)
Net carrying amount	11,245	592	11,837
Year ended 31 December 2025			
Opening net carrying amount	11,245	592	11,837
Depreciation	(489)	(162)	(651)
Closing net carrying amount	10,756	430	11,186
At 31 December 2025			
Cost	14,667	807	15,474
Accumulated depreciation	(3,911)	(377)	(4,288)
Net carrying amount	10,756	430	11,186

During the Track Record Period, the Group leased various properties for its operations. Lease contracts are entered into for fixed term of 5 to 10 years. The lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Certain prepaid lease payments with a net carrying amount of approximately RMB10,476,000 as at 31 December 2025 were mortgaged as security for the Group's borrowings as disclosed in Note 32 to the Historical Financial Information.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Details of the lease maturity analysis of lease liabilities are set out in Notes 34 and 44.6.

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17. GOODWILL

The net carrying amount of goodwill can be analyzed as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	7,745	7,745	7,745
Arising on acquisition through business combination (<i>note</i> 43)	-	-	1,653,576
Carrying amount at the end of the year	7,745	7,745	1,661,321

Goodwill is allocated to the Group's CGUs and groups of CGUs that are expected to benefit from the synergies of the relevant business combination. A summary of goodwill allocation is presented below:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Jieyunsheng	99	99	99
Feikong Jingwei	7,646	7,646	7,646
Feikong Taike	-	-	1,653,576
	7,745	7,745	1,661,321

For the purpose of impairment testing, goodwill acquired through business combination is allocated to respective CGU of the subsidiaries. The recoverable amount of the CGU is determined based on the market approach. The fair value was determined with reference to a valuation report prepared by an independent valuer not connected to the Group based on the EV/S Multiples of comparable companies with similar business nature and operations as the CGU.

The CGUs of Feikong Jingwei and Feikong Taike are under Segment B of the Group, the following table sets forth the key multiple and marketability discount rate which management has used to undertake the impairment testing of goodwill:

	As at 31 December		
	2023	2024	2025
Average EV/S Multiples	5.12x	5.38x	3.80x
Marketability discount rate	17%	14%	N/A

Other key estimation included the cost of disposal based on estimation by the management of the Group. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the respective CGU to exceed its recoverable amount.

As at 31 December 2023 and 2024, the recoverable amount of Feikong Jingwei CGU exceeded the carrying amount by RMB1,003,106,000 and RMB1,788,835,000, respectively. As at 31 December 2025, the recoverable amount of Feikong Jingwei and Feikong Taike exceeded the carrying amount by RMB243,882,000. No impairment loss was recognized during the Track Record Period.

The level in the fair value hierarchy in arriving at the above recoverable amount is considered under Level 3 with observable inputs for the assets directly or indirectly.

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The Group's management conducted a sensitivity analysis of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the CGU to which goodwill is allocated and concluded that any reasonably possible changes in the key assumptions on which the recoverable amounts of the CGUs are based would not cause the carrying amounts of each CGU to exceed their recoverable amounts.

18. INTANGIBLE ASSETS

The Group

	Non- patented technologies	Software and others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023			
Cost	–	29,741	29,741
Accumulated amortization	–	(11,531)	(11,531)
Net carrying amount	–	18,210	18,210
Year ended 31 December 2023			
Opening net carrying amount	–	18,210	18,210
Additions	–	213	213
Amortization	–	(5,966)	(5,966)
Exchange realignment	–	3	3
Closing net carrying amount	–	12,460	12,460
At 31 December 2023 and 1 January 2024			
Cost	–	29,977	29,977
Accumulated amortization	–	(17,517)	(17,517)
Net carrying amount	–	12,460	12,460
Year ended 31 December 2024			
Opening net carrying amount	–	12,460	12,460
Amortization	–	(4,465)	(4,465)
Closing net carrying amount	–	7,995	7,995
At 31 December 2024 and 1 January 2025			
Cost	–	29,959	29,959
Accumulated amortization	–	(21,964)	(21,964)
Net carrying amount	–	7,995	7,995

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	Non- patented technologies	Software and others	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025			
Opening net carrying amount	–	7,995	7,995
Addition	–	360	360
Acquired through business combination (<i>note 43</i>)	189,175	842	190,017
Amortization	(22,572)	(4,505)	(27,077)
Exchange realignment	(146)	8	(138)
Closing net carrying amount	166,457	4,700	171,157
At 31 December 2025			
Cost	189,417	31,216	220,633
Accumulated amortization	(22,960)	(26,516)	(49,476)
Net carrying amount	166,457	4,700	171,157
The Company			
			Software and others
			RMB'000
At 1 January 2023			
Cost			4,288
Accumulated amortization			(3,499)
Net carrying amount			789
Year ended 31 December 2023			
Opening net carrying amount			789
Amortization			(344)
Closing net carrying amount			445
At 31 December 2023 and 1 January 2024			
Cost			4,288
Accumulated amortization			(3,843)
Net carrying amount			445
Year ended 31 December 2024			
Opening net carrying amount			445
Amortization			(232)
Closing net carrying amount			213

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	Software and others
	RMB'000
At 31 December 2024 and 1 January 2025	
Cost	4,288
Accumulated amortization	(4,075)
Net carrying amount	213
Year ended 31 December 2025	
Opening net carrying amount	213
Addition.....	28
Amortization	(143)
Closing net carrying amount	98
At 31 December 2025	
Cost	4,316
Accumulated amortization	(4,218)
Net carrying amount	98

19. INTERESTS IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of unlisted investments	195,000	195,000	5,000
Share of post-acquisition results and other comprehensive income	14,512	9,679	5,428
Carrying amount at the end of the year	209,512	204,679	10,428

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Details of the Group’s interests in associates, which are unlisted corporate entities whose quoted market prices are not available and accounted for using the equity method in the consolidated financial statements as at 31 December 2023, 2024 and 2025, are as follows:

Name of associates	Place of incorporation and operations	Particulars of registered capital	Attributable equity interest held by the Group			Principal activities
			As at 31 December			
			2023	2024	2025	
Nanjing Weisikai Software Technology Co., Ltd. (“Weisikai Technology”) [#] (南京維思凱軟件科技有限責任公司)	The PRC	RMB2,500,000	20%	20%	20%	Computer software development
Feikong Taike	The PRC	RMB1,010,000,000	18.81% <i>(note (i))</i>	18.81%	N/A <i>(note (ii))</i>	Investment
Hunan Innotech New Energy Investment Co., Ltd. [#] (湖南英諾特新能源投資有限公司)	The PRC	RMB10,000,000	N/A	N/A <i>(note (iii))</i>	N/A	Investment and asset management

Notes:

- (i) In April 2023, an investor of Feikong Taike injected RMB120,000,000 which led to a dilution of interest in associates of the Group, the Group therefore recorded gain on deemed disposal of RMB3,090,000 in “Other gains/(losses), net” in the consolidated statement of profit or loss and other comprehensive income. During the years ended 31 December 2023 and 2024 and up to the date of completion of acquisition, Feikong Taike is still an associate of the Group and its financial result was accounted for in the consolidated financial statements of the Group using the equity method as the Group was able to exert significant influence over the financial and operating activities of Feikong Taike, where Mr. Dai Jun, an executive director of the Company, served as general manager of Feikong Taike from October 2020 to October 2023, was responsible for strategic and operational oversight. Following this tenure, he was appointed as the managing director (one of the three directors of Feikong Taike) from October 2023 until the step acquisition.
- (ii) Feikong Taike was reclassified from an associate to a subsidiary after the completion of the acquisition of the additional equity interest by the Group in May 2025.
- (iii) The company was deregistered on 25 June 2024.

[#] The English translations of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

Summarized financial information of Feikong Taike and its subsidiaries, collectively named as “Feikong Taike Group,” the Group’s material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Feikong Taike Group	
	As at 31 December	
	2023	2024
	RMB’000	RMB’000
Non-current assets	937,292	878,694
Current assets	307,331	448,802
Current liabilities	(282,979)	(378,282)
Non-current liabilities	(19,240)	(26,352)
Net assets	942,404	922,862

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	Feikong Taike Group		
	Year ended 31 December		From 1 January 2025 to date of completion of step acquisition
	2023	2024	
	RMB'000	RMB'000	RMB'000
Revenue	382,386	504,862	141,574
Profit/(loss) for the year/period	9,861	20,759	(18,374)
Other comprehensive income/(expense) for the year/period	47,599	(40,301)	85,677
Total comprehensive income/(expense) for the year/period	<u>57,460</u>	<u>(19,542)</u>	<u>67,303</u>

Reconciliation of the above summarized financial information to the carrying amount of the Group's interests in Feikong Taike recognized in the consolidated financial statements:

	Feikong Taike Group	
	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Net assets of the associates	942,404	922,862
Net assets attribute to the non-controlling interest	<u>(10,872)</u>	<u>(11,896)</u>
	<u>931,532</u>	<u>910,966</u>
The Group's effective interests in the associates	<u>18.81%</u>	<u>18.81%</u>
	175,314	171,444
Others (note)	<u>24,005</u>	<u>23,148</u>
Carrying amount of the Group's interests in associates	<u>199,319</u>	<u>194,592</u>

Note: It mainly included the notional goodwill and elimination of transactions.

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Aggregate financial information of an associate that is not individually material:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate amounts of the Group’s share of profit/(loss) for the year	194	(106)	341
Aggregate amounts of the Group’s share of other comprehensive income for the year	–	–	–
Aggregate carrying amount of the Group’s interests in these associates	<u>10,193</u>	<u>10,087</u>	<u>10,428</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of unlisted investments	5,000	5,000	5,000
Share of post-acquisition results and other comprehensive income	<u>5,193</u>	<u>5,087</u>	<u>5,428</u>
Carrying amount at the end of the year	<u>10,193</u>	<u>10,087</u>	<u>10,428</u>

Details of the Company’s interests in associates, which is an unlisted corporate entity whose quoted market prices are not available and accounted for using the equity method in the financial statements as at 31 December 2023, 2024 and 2025, are as follows:

Name of associates	Place of establishments and operations	Form of business structure	Particulars of registered capital	Attributable equity interest held by the Company			Principal activities
				As at 31 December			
				2023	2024	2025	
Weisikai Technology (南京維思凱軟件科技有限責任公司)	The PRC	Privately held company	RMB2,500,000	20%	20%	20%	Computer software development

20. INTERESTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted shares, at cost	<u>595,422</u>	<u>609,114</u>	<u>2,294,167</u>

Details of the Company’s principal subsidiaries are stated in Note 1.

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As at 31 December 2023, 2024 and 2025, 100% equity interests in Feikong Jingwei, a subsidiary of the Company with a net carrying amount of approximately RMB193,889,000, RMB193,889,000 and RMB199,852,000, respectively, were pledged as security for borrowings granted to the Group, details are disclosed in Note 32 to the Historical Financial Information.

As at 31 December 2025, 100% equity interests in Feikong Taike, a subsidiary of the Company with a net carrying amount of approximately RMB1,589,253,000, was pledged as security for borrowing granted to the Group, details are disclosed in Note 32 to the Historical Financial Information.

21. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	50,708	40,056	126,026
Work in progress	118,734	59,611	225,539
Finished goods	358,549	162,249	111,430
	527,991	261,916	462,995
Less: provision for impairment	(27,372)	(56,745)	(52,514)
	500,619	205,171	410,481

Movements in the provision for inventories of the Group:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	18,027	27,372	56,745
Provision for impairment	18,635	50,508	16,808
Reversed upon sales of inventories	(9,290)	(21,135)	(21,098)
Exchange difference	–	–	59
At the end of the year	27,372	56,745	52,514

Certain inventories of the Group with a net carrying amount of EUR4,301,000 (equivalent to approximately RMB35,423,000) as at 31 December 2025 were pledged as security for borrowings granted to the Group, details are disclosed in Note 32 to the Historical Financial Information.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	36,871	34,106	44,370
Work in progress	72,322	51,144	26,373
Finished goods	248,775	137,218	90,446
	357,968	222,468	161,189
Less: provision for impairment	(26,688)	(45,583)	(42,591)
	331,280	176,885	118,598

Movements in the provision for inventories of the Company:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	17,625	26,688	45,583
Provision for impairment	18,161	37,629	14,700
Reversed upon sales of inventories	(9,098)	(18,734)	(17,692)
	26,688	45,583	42,591

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22. TRADE AND BILLS RECEIVABLES

The Group

	<i>Note</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables	(a)			
– Third parties		353,256	482,414	816,035
– Associates		158	31,850	633
– Related parties		2,985	3,746	4,313
		<u>356,399</u>	<u>518,010</u>	<u>820,981</u>
Less: ECL allowance of trade receivables		<u>(70,433)</u>	<u>(86,294)</u>	<u>(146,959)</u>
		<u>285,966</u>	<u>431,716</u>	<u>674,022</u>
Bills receivable				
– at FVOCI		76,415	77,291	73,018
– at amortized cost		<u>–</u>	<u>10,222</u>	<u>4,275</u>
		76,415	87,513	77,293
Less: ECL allowance of bills receivable		<u>–</u>	<u>(511)</u>	<u>(279)</u>
		<u>76,415</u>	<u>87,002</u>	<u>77,014</u>
		<u>362,381</u>	<u>518,718</u>	<u>751,036</u>

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The Company

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables	(a)			
– Third parties		290,638	403,461	501,343
– Subsidiaries		3,076	1,228	69,364
– Other related parties		139	32,078	70
		<u>293,853</u>	<u>436,767</u>	<u>570,777</u>
Less: ECL allowance of trade receivables		<u>(65,863)</u>	<u>(81,002)</u>	<u>(103,535)</u>
		<u>227,990</u>	<u>355,765</u>	<u>467,242</u>
Bills receivable	(b)			
– at FVOCI		56,496	61,937	44,055
– at amortized cost		–	10,222	3,775
		<u>56,496</u>	<u>72,159</u>	<u>47,830</u>
Less: ECL allowance of bills receivable		<u>–</u>	<u>(511)</u>	<u>(254)</u>
		<u>56,496</u>	<u>71,648</u>	<u>47,576</u>
		<u>284,486</u>	<u>427,413</u>	<u>514,818</u>

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period granted to customers is generally 0 to 180 days. All bills receivable measured at amortized cost which were held by the Group and Company, were commercial acceptance bills and are with a maturity period of less than one year.

The Group and the Company classifies its bills receivables based on the business model for managing the assets and the contractual cash flow characteristics.

The commercial acceptance bills are classified and measured at amortised cost because they are held within a business model whose objective is to hold the assets to collect the contractual cash flows, and their contractual terms give rise to cash flows that are solely payments of principal and interest.

For other bills receivables which the Group and the Company manages using the business model whose objective is achieved by both collecting the contractual cash flows and selling of these assets. Accordingly, those bills receivables are classified as financial assets at FVOCI (recycling) in accordance with IFRS 9 and are stated at fair value.

The directors of the Company consider that the fair values of trade and bills receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

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(a) Trade receivables

The aging analysis of trade receivables based on the revenue recognition date at the end of each Track Record Period, net of ECL allowance, are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	260,338	404,836	505,805
1-2 years	19,116	24,462	159,713
2-3 years	2,634	1,752	7,284
Over 3 years	3,878	666	1,220
	285,966	431,716	674,022

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	202,976	330,351	363,821
1-2 years	18,542	23,107	98,695
2-3 years	2,634	1,657	4,076
Over 3 years	3,838	650	650
	227,990	355,765	467,242

The Group has applied the simplified approach to measure the provision for ECL prescribed by IFRS 9, which permits the use of lifetime ECL provision for all trade receivables.

The Group performs ECL assessments collectively and individually. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the aging.

The impairment analysis for the ECL of trade receivables is performed by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. In addition, credit-impaired trade receivables are assessed for ECL individually.

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Set out below is the information about the credit risk exposure on the Group's trade receivables:

The Group

	As at 31 December 2023		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	33,051	(27,492)	83%
Collectively assessed			
Within 1 year	271,109	(15,951)	6%
1-2 years	21,092	(2,354)	11%
2-3 years	4,551	(1,917)	42%
Over 3 years	26,596	(22,719)	85%
	356,399	(70,433)	20%
	As at 31 December 2024		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	30,910	(30,910)	100%
Collectively assessed			
Within 1 year	427,272	(22,437)	5%
1-2 years	30,720	(6,257)	20%
2-3 years	2,817	(1,065)	38%
Over 3 years	26,291	(25,625)	97%
	518,010	(86,294)	17%
	As at 31 December 2025		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	97,953	(68,387)	70%
Collectively assessed			
Within 1 year	532,939	(30,854)	6%
1-2 years	149,980	(16,113)	11%
2-3 years	12,317	(5,033)	41%
Over 3 years	27,792	(26,572)	96%
	820,981	(146,959)	18%

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The Company

	As at 31 December 2023		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	31,607	(26,312)	83%
Collectively assessed			
Within 1 year	210,832	(12,772)	6%
1-2 years	20,435	(2,271)	11%
2-3 years	4,551	(1,917)	42%
Over 3 years	26,428	(22,591)	85%
	293,853	(65,863)	22%
	As at 31 December 2024		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	29,993	(29,993)	100%
Collectively assessed			
Within 1 year	348,797	(18,447)	5%
1-2 years	29,197	(6,090)	21%
2-3 years	2,657	(1,000)	38%
Over 3 years	26,123	(25,472)	98%
	436,767	(81,002)	19%
	As at 31 December 2025		
	Gross carrying amount	ECL	ECL rate
	RMB'000	RMB'000	RMB'000
Individually impaired	74,813	(49,558)	66%
Collectively assessed			
Within 1 year	379,839	(19,739)	5%
1-2 years	86,242	(9,082)	11%
2-3 years	7,665	(3,589)	47%
Over 3 years	22,218	(21,567)	97%
	570,777	(103,535)	18%

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The movement in the ECL allowance of trade receivables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	53,176	70,433	86,294
ECL allowance recognized	17,299	19,825	62,662
ECL allowance reversed.....	(43)	(227)	(300)
Written-off	–	(3,737)	(18,574)
Exchange differences	1	–	16,877
Balance at the end of the year	70,433	86,294	146,959

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	51,310	65,863	81,002
ECL allowance recognized	14,553	18,839	39,655
ECL allowance reversed.....	–	–	(300)
Written-off	–	(3,700)	(16,822)
Balance at the end of the year	65,863	81,002	103,535

Certain trade receivables of the Group with a net carrying amount of EUR27,640,000 (equivalent to approximately RMB227,628,000) as at 31 December 2025 were mortgaged for the borrowings, details are disclosed in Note 32 to the Historical Financial Information.

(b) Bills receivable

For bank acceptance bills with period of six to nine months, endorsements and transfers meet the criteria for derecognition. Such transfers are integral to the Group's business model for managing these financial assets. Consequently, the business model for these bills is determined to be a hybrid model, and measurement at FVOCI.

For commercial acceptance bills, even upon transfer, the Group retains recourse risk until maturity. These bills are primarily to hold them to maturity, and accordingly, they are classified and measured at amortized cost.

As at 31 December 2023, 2024 and 2025, certain bills which were held by the Group and the Company for the practice of endorsing or discounting to banks before the bills due for payment were classified as bills receivables at FVOCI.

The Group has endorsed or discounted certain bills receivable to banks or endorsed to certain suppliers for settlement of trade payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, hence the Group has derecognized these bills receivables.

As at 31 December 2023, 2024 and 2025, the Group's bills receivable amounted to RMB175,651,000, RMB45,442,000 and RMB25,155,000, respectively, which were endorsed or discounted to the banks but not mature that are derecognized in their entirety.

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As at 31 December 2023, 2024 and 2025, included in the Group's bills receivable amounted to RMBNil, RMB10,222,000 and RMB3,094,000, respectively, which were endorsed to certain suppliers for settlement of trade payables on a full recourse basis that are not derecognized in their entirety. In the opinion of the directors, the Group has retained the significant risks and rewards relating to the bills receivable, which include default risks, to its suppliers upon endorsement. Accordingly, it continues to recognize the full carrying amount of bills receivable and trade payables from the endorsement of the bills with full recourse.

As at 31 December 2025, included in the Group's bills receivable amounted to RMB1,181,000 were held to maturity.

The credit risk on bills receivable at FVOCI is limited because the counterparties are banks with high credit ratings assigned by credit rating agencies. In the view of the directors of the Company, the credit risk of bills receivable at FVOCI was minimal and no impairment was provided.

The movement in the ECL allowance of bills receivable is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	–	–	511
ECL allowance recognized/(reversed)	–	511	(232)
Balance at the end of the year	–	511	279

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	–	–	511
ECL allowance recognized/(reversed)	–	511	(257)
Balance at the end of the year	–	511	254

Certain bills receivable of the Group with a net carrying amount of RMB43,741,000 as at 31 December 2023 was pledged as security for issuance of bills payable for the Group, details are disclosed in Note 39 to the Historical Financial Information.

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23. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Unlisted equity investment in partnerships	30,000	44,625	44,625
Current			
Structured deposits (note a)	–	15,000	37,000
Fund investment (note b)	–	–	11,538
	–	15,000	48,538
Total	30,000	59,625	93,163

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Unlisted equity investment in partnerships	30,000	44,625	44,625
Total	30,000	44,625	44,625

The fair value of the Group's and the Company's investment in the unlisted investment of the partnerships, fund investment and structured deposits have been measured as described in Note 44.7.

Notes:

- (a) As at 31 December 2024 and 31 December 2025, the Group invested in the structured deposits offered by the financial institutions. The principal is guaranteed by the relevant financial institution. The structured deposits will mature within one year. The interest is payable within one month, ranged at 1.64% to 2.45% and 0.65% to 2.10%, respectively per annum. The returns on all of these structured deposits were not guaranteed, hence their contractual cash flows did not qualify for solely payments of principal and interest. Therefore, they were measured at FVTPL. The objective of the Group's business model was collecting contractual cash flows and selling these financial assets.
- (b) As at 31 December 2025, the amount represents investment in series of funds. The funds are managed by several fund management companies which mainly registered in Germany. The Group is not subject to any lock up period for holding the equity interest of the funds.
- (c) Certain financial assets at FVTPL of the Group with a net carrying amount of EUR1,020,000 (equivalent to approximately RMB8,397,000) as at 31 December 2025 were pledged as security for borrowings of the Group, details are disclosed in Note 32 to the Historical Financial Information.

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24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

The Group and the Company held foreign exchange forward contracts classified as held for trading and not qualified under hedge accounting. Foreign exchange forward contracts entered into by the Group and the Company with banks were financial assets measured at FVTPL. The fair value of these contracts has been measured as described in note 44.7.

As at 31 December 2025, the Group and the Company had entered into the following foreign exchange forward contracts, which remained outstanding at the end of the reporting period:

Contracts	Notional amount	Settlement	Term	Forward rate on foreign exchange
A	USD300,000	4 September 2026	359 days	RMB7.01 per USD1
B.....	USD1,000,000	18 September 2026	359 days	RMB7.01 per USD1
C	USD700,000	17 September 2026	357 days	RMB7.00 per USD1
D.....	USD1,500,000	16 November 2026	360 days	RMB7.00 per USD1
E.....	USD500,000	13 November 2026	351 days	RMB7.01 per USD1
F.....	USD1,000,000	3 December 2026	359 days	RMB6.97 per USD1

25. FINANCIAL ASSETS AT FVOCI

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted equity investments at fair value	-	-	93,000

Equity investment in Jiangsu Runyang New Energy Technology Co., Ltd. ("Runyang")

During the year ended 31 December 2025, the Company entered into a debt-to-equity swap agreement, converting the trade receivable of the subsidiaries of Runyang into the equity interest of Runyang, with a net carrying amount of RMB90,000,000. This transaction involved the legal novation of the debt obligation from the Runyang's subsidiaries to Runyang, which was subsequently settled through the issuance of new shares by Runyang.

This resulted in the derecognition of the trade receivable and the recognition of an equity investment at its fair value. The Company held 0.8732% ownership interest in Runyang. No profit or loss recognized in respect of the transaction as there is no difference between the carrying amount of the derecognized receivable and the fair value of the equity instrument acquired.

The fair value of the investment in Runyang as at 31 December 2025 is RMB90,000,000.

Equity investment in Tianrui Technology (Nantong) Co., Ltd. ("Tianrui")

During the year ended 31 December 2025, the Company and other investors entered into an investment agreement, pursuant to which the Company agreed to inject RMB3,000,000 into Tianrui. This investment resulted in an increase of Tianrui's registered capital by approximately RMB556,000 from RMB5,000,000 to RMB5,556,000. Consequently, the Company held 3% ownership interest in Tianrui.

The fair value of the investment in Tianrui as at 31 December 2025 is RMB3,000,000.

The Group designated these unlisted equity securities as financial assets at FVOCI. Such investments are held for the strategic purpose and the Group considers this classification to be more relevant and appropriate.

The fair value of the Group's and the Company's investment in the unlisted equity investments have been measured as described in Note 44.7.

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26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables:			
– Security deposits	1,574	1,402	5,767
– Dividend receivable	–	429	–
– Others	549	1,195	1,599
	<u>2,123</u>	<u>3,026</u>	<u>7,366</u>
Less: ECL allowance of other receivables	(643)	(572)	(1,088)
	<u>1,480</u>	<u>2,454</u>	<u>6,278</u>
Prepayments			
– Third parties	3,348	3,810	9,246
– An associate	39,425	29,463	–
	<u>42,773</u>	<u>33,273</u>	<u>9,246</u>
Deposits paid for acquisition of property, plant and equipment	–	60	11,811
Deferred [REDACTED] expenses	–	–	22,339
Value-added tax recoverable	19,015	15,709	16,485
Prepaid interest	–	250	208
	<u>63,268</u>	<u>51,746</u>	<u>66,367</u>
<i>Representing:</i>			
Current	63,268	51,686	54,556
Non-current	–	60	11,811
	<u>63,268</u>	<u>51,746</u>	<u>66,367</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other receivables:			
– Security deposits	216	174	3,510
– Dividend receivable	–	429	–
– Others	1,779	1,178	758
	<u>1,995</u>	<u>1,781</u>	<u>4,268</u>
Less: ECL allowance of other receivables	<u>(385)</u>	<u>(416)</u>	<u>(598)</u>
	<u>1,610</u>	<u>1,365</u>	<u>3,670</u>
Prepayments			
– Third parties	2,982	3,588	2,605
– Subsidiaries	15,418	15,051	16,472
– An associate	39,425	29,463	–
	<u>57,825</u>	<u>48,102</u>	<u>19,077</u>
Value-added tax recoverable	11,635	12,996	3,374
Deferred [REDACTED] expenses	–	–	22,339
Amounts due from subsidiaries (<i>note</i>)	<u>23,547</u>	<u>4,605</u>	<u>24,175</u>
	<u>94,617</u>	<u>67,068</u>	<u>72,635</u>

Note: The amounts due from subsidiaries are unsecured, non-interest and repayable on demand.

The directors of the Company considered that the fair values of deposits, prepayments and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The movement in the ECL allowance of other receivables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	710	643	572
ECL allowance (reversed)/recognized	(71)	(69)	324
Others	4	(2)	192
	<u>643</u>	<u>572</u>	<u>1,088</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	513	385	416
ECL allowance (reversed)/recognized	(128)	31	182
Balance at the end of the year	385	416	598

27. CONTRACT ASSETS

The Group

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current				
Retention receivables	(b)	223,100	174,408	80,864
Less: ECL allowance of contract assets		(12,237)	(11,004)	(9,430)
		210,863	163,404	71,434
Current				
Unbilled revenue.....	(a)	555,895	402,162	186,911
Retention receivables	(b)	45,709	112,782	93,977
		601,604	514,944	280,888
Less: ECL allowance of contract assets		(35,420)	(34,853)	(45,020)
		566,184	480,091	235,868
		777,047	643,495	307,302

Movements in the ECL allowance of contract assets of the Group:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	22,552	47,657	45,857
Impairment loss/(reversal of impairment loss) for contract assets	25,105	(1,800)	8,593
At the end of the year	47,657	45,857	54,450

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The Company

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current				
Retention receivables	(b)	209,852	138,784	70,780
Less: ECL allowance of contract assets		(11,574)	(9,223)	(5,823)
Retention receivables		198,278	129,561	64,957
Current				
Acceptance receivables	(a)	510,892	315,290	164,374
Retention receivables	(b)	45,621	111,611	72,477
		556,513	426,901	236,851
Less: ECL allowance of contract assets		(33,165)	(30,450)	(30,375)
		523,348	396,451	206,476
		721,626	526,012	271,433

Movements in the ECL allowance of contract assets of the Company:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	22,524	44,739	39,673
Impairment loss/(reversal of impairment loss) for contract assets	22,215	(5,066)	(3,475)
At the end of the year	44,739	39,673	36,198

(a) **Unbilled revenue**

The amounts are primarily related to the Group's rights to consideration for work completed and not billed at the reporting date because the rights are conditional on the Group's future performance in achieving specified milestones. The Group's sales contracts include payment schedules which require progress payments over the manufacturing period once certain specified milestones are reached. The contract assets are transferred to trade receivables when the rights for consideration become unconditional. The Group typically reclassifies contract assets to trade receivables on the date of final acceptance reports issued by the customers and invoices issued to them when such right of collection becomes unconditional other than the passage of time.

(b) **Retention receivables**

The sales contracts also include the terms that require certain portion of the contract value to be withheld by the customers until the expiry of the warranty period. The Group typically agrees to a retention period for 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on the equipment not having quality issue.

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The significant decrease in contract assets during the years ended 31 December 2024 and 2025 was mainly due to the decrease in purchase orders from the customer under processing at the end of the year.

Details of impairment assessment of the ECL of contract assets, please refer to Note 44.2.

28. CASH AND CASH EQUIVALENT

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	215,118	298,593	263,662
Restricted bank deposits	23,691	1,528	7,116
Pledged deposits	–	–	13,648
	<u>238,809</u>	<u>300,121</u>	<u>284,426</u>
Less: Pledged and restricted bank deposits	<u>(23,691)</u>	<u>(1,528)</u>	<u>(20,764)</u>
Cash and cash equivalents	<u>215,118</u>	<u>298,593</u>	<u>263,662</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	113,856	267,070	190,988
Restricted bank deposits	17,090	1,528	2,111
Pledged deposits	–	–	13,504
	<u>130,946</u>	<u>268,598</u>	<u>206,603</u>
Less: Pledged and restricted bank deposits	<u>(17,090)</u>	<u>(1,528)</u>	<u>(15,615)</u>
Cash and cash equivalents	<u>113,856</u>	<u>267,070</u>	<u>190,988</u>

As at 31 December 2023 and 2024, the Group's and the Company's restricted bank deposits consist primarily of restricted bank balances placed at banks as guarantee for issuing bills payables. As at 31 December 2025, the Group held restricted bank deposits, mainly included (i) frozen bank accounts amounting to RMB3,610,000, which was lifted in January 2026 and (ii) amounting to EUR426,000 (equivalent to approximately RMB3,504,000) for the purpose of issuing bank guarantees to customers in respect of advance payments received for goods not yet delivered. These guarantees provide recourse to customers in the event of non-delivery, where the restriction is within 12 months. Details are disclosed in Note 39 to the Historical Financial Information.

All restricted bank balances are placed in major financial institutions in segregated accounts.

Pledged deposits of the Group with a net carrying amount of approximately RMB13,648,000 as at 31 December 2025 were pledged as security for borrowings granted to the Group, details are disclosed in Note 32 to the Historical Financial Information.

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29. TRADE AND BILLS PAYABLES

The Group

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade payables	(a)			
– Third parties		489,767	153,705	270,444
– Associates		7,219	1,658	1,276
– Related parties		7,840	39,117	52,314
		<u>504,826</u>	<u>194,480</u>	<u>324,034</u>
Bills payables	(b)	<u>117,004</u>	<u>1,333</u>	<u>–</u>
		<u>621,830</u>	<u>195,813</u>	<u>324,034</u>

The Company

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade payables	(a)			
– Third parties		323,779	121,874	160,872
– Associates		1,260	1,062	1,232
– Subsidiaries		51,127	56,300	55,669
– Related parties		7,589	38,272	49,107
		<u>383,755</u>	<u>217,508</u>	<u>266,880</u>
Bills payables	(b)	<u>103,109</u>	<u>1,333</u>	<u>–</u>
		<u>486,864</u>	<u>218,841</u>	<u>266,880</u>

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ACCOUNTANTS' REPORT OF THE GROUP

(a) Trade payables

The average credit period on the settlement of purchase invoice is 60, 60 and 60 days during the Track Record Period. Based on the invoice date, the aging analysis of trade payables is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	491,050	184,629	259,871
Between 1 year and 2 years	13,613	5,732	58,745
Over 2 years	163	4,119	5,418
	504,826	194,480	324,034

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	370,402	199,630	183,687
Between 1 year and 2 years	13,250	14,124	82,386
Over 2 years	103	3,754	807
	383,755	217,508	266,880

(b) Bills payable

All bills payable are denominated in RMB and are bills paid and/or payable to third parties for the settlement of trade payables. As at 31 December 2023 and 2024, all bills payable had maturities of less than six months from the end of each Track Record Period.

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposit received	2,430	1,850	1,500
Payables for acquisition of property, plant and equipment	18,145	1,165	42,177
Accrued staff salaries and benefits	25,512	19,916	18,394
VAT and other taxes payables	24,802	6,370	10,261
Other accrued charges and payables (<i>note (a)</i>)	12,947	10,474	58,768
Accrued [REDACTED] expense	–	–	3,607
Restricted share repurchase obligation	3,266	2,970	–
	87,102	42,745	134,707

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deposit received	2,180	1,650	1,350
Payables for acquisition of property, plant and equipment	10,770	270	124
Accrued staff salaries and benefits	19,770	17,409	10,806
VAT and other taxes payables	15,621	2,591	1,684
Other accrued charges and payables (<i>note (a)</i>)	11,077	9,527	18,726
Accrued [REDACTED] expense	–	–	3,607
Restricted share repurchase obligation	3,266	2,970	–
	62,684	34,417	36,297
Amounts due to subsidiaries (<i>note (b)</i>)	47,973	58,000	14,150
	110,657	92,417	50,447

Note:

(a) Other accrued charges and payables

The Group

As at 31 December 2023 and 2024, other accrued charges and payables mainly comprised of staff reimbursements, freight charges and other operating expenses. As at 31 December 2025, it mainly comprised of staff reimbursements, freight charges, sales commission fee and other operating expenses.

The Company

As at 31 December 2023, 2024 and 2025, other accrued charges and payables mainly comprised of staff reimbursements, freight charges and other operating expenses.

(b) The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

31. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of PV manufacturing solutions	204,174	98,808	35,612
Sales of SiPh assembly and testing equipment	–	–	121,816
	204,174	98,808	157,428

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of PV manufacturing solutions	144,019	78,667	22,031

The Group's sales contracts include payment schedules which require progress payments over the manufacturing period once certain specified milestones are reached.

Contract liabilities that are expected to be settled within the Group's and the Company's normal operating cycle are classified as current liabilities based on the Group's and the Company's earliest obligation to transfer goods to the customers.

The increase in contract liabilities as at 31 December 2025 was mainly due to increase in billings in advance of sales of SiPh assembly and testing equipment and the decrease in contract liabilities as of 31 December 2024 was mainly due to decrease in sales of PV manufacturing solution.

As at 1 January 2023, the Group's and the Company's contract liabilities amounted to RMB151,199,000 and RMB151,060,000, respectively.

As at 1 January 2023, 2024 and 2025, the Group's contract liabilities of RMB123,037,000, RMB183,316,000, and RMB85,069,000 were recognized as revenue during the years ended 31 December 2023, 2024 and 2025 respectively.

As at 1 January 2023, 2024 and 2025, the Company's contract liabilities of RMB122,898,000, RMB132,309,000 and RMB73,990,000 were recognized as revenue during the years ended 31 December 2023, 2024 and 2025, respectively.

The transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations as at each of the Track Record Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year.....	773,167	182,863	197,726
More than one year	79,974	208,258	31,361
	853,141	391,121	229,087

32. BORROWINGS

The Group

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Bank borrowings	(a)	671,437	1,002,378	1,278,069
Discounted bills receivables	(b)	-	20,000	29,650
		671,437	1,022,378	1,307,719

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(a) Bank borrowings

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Pledged borrowings	(i)	30,039	19,990	340,616
Pledged and mortgaged borrowings	(ii)	–	–	21,071
Guaranteed borrowings	(iii)	–	–	11,460
Mortgaged borrowings	(iv)	–	–	29,624
Credit borrowings		641,398	982,388	875,298
		<u>671,437</u>	<u>1,002,378</u>	<u>1,278,069</u>
Carrying amounts repayable:				
In the first year		651,414	963,383	974,803
In the second year		20,023	38,995	8,823
In the third to fifth year		–	–	100,270
Over five years		–	–	194,173
		<u>671,437</u>	<u>1,002,378</u>	<u>1,278,069</u>
Less: Amounts due within one year shown under current liabilities		<u>(651,414)</u>	<u>(963,383)</u>	<u>(974,803)</u>
Amount shown under non-current liabilities		<u>20,023</u>	<u>38,995</u>	<u>303,266</u>

The exposure of the Group's borrowings are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	641,398	873,302	823,394
Variable-rate borrowings	30,039	149,076	454,675
	<u>671,437</u>	<u>1,022,378</u>	<u>1,278,069</u>

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December		
	2023	2024	2025
Fixed-rate borrowings	2.5% to 3.1%	1.9% to 3.1%	1.0% to 6.3%
Variable-rate borrowings	3.9%	2.6% to 3.8%	2.3% to 7.8%

The Group's bank credit facilities amounted to RMB667,320,000, RMB1,290,108,000 and RMB889,766,000 had not been utilized as at 31 December 2023, 2024 and 2025, respectively.

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Notes:

- (i) As at 31 December 2023, 2024 and 2025, the Group had the following pledged assets to obtain the borrowing:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Pledged equity interests in Feikong Jingwei ...	193,889	193,889	199,852
Pledged equity interests in Feikong Taike	–	–	1,589,253
Pledged deposits	–	–	13,648
Pledged financial assets at FVTPL (amounted to EUR1,020,000).....	–	–	8,397
	193,889	193,889	1,811,150

For details, please refer to Notes 20, 23 and 28 to the Historical Financial Information.

- (ii) As at 31 December 2025, the Group had the following mortgaged and pledged assets to obtain the borrowing with an outstanding principal of RMB21,071,000:

	As at 31 December 2025
	RMB’000
Mortgaged trade receivables (amounted to EUR27,640,000)	227,628
Pledged inventory (amounted to EUR4,301,000)	35,423
	263,051

For details, please refer to Notes 21 and 22 to the Historical Financial Information.

- (iii) The amounts were guaranteed by Suzhou Yuanjiesheng Enterprise Management Consulting Co., Ltd.# (“**Yuanjiesheng**”) 蘇州元頴昇企業管理諮詢有限公司, a related company, under a guarantee contract with guaranteed amounts of EUR1,392,000 (equivalent to approximately RMB11,460,000) as at 31 December 2025.

The guarantee provided by related parties is expected to be released prior to initial [REDACTED] of H Shares of the Company on the Main Board of the Stock Exchange or upon the repayment of such bank borrowings, whichever comes earlier.

- (iv) The amount was secured by a mortgage on the right-of-use assets with the carrying amount being approximately RMB10,476,000.

Certain Group’s banking facilities are subject to the fulfillment of certain financial and non-financial covenants relating to certain of the Group’s subsidiaries, as are commonly found in lending arrangements with financial institutions. If the Group or the Company was to breach the covenants, the drawn down facilities would become payable on demand.

The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

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(b) Discounted bills receivables

As at 31 December 2024 and 31 December 2025, borrowings of RMB20,000,000 and RMB 29,650,000 arose from discounting, with recourse, of intra-group bills receivable, from one component of the Group to another, at interest rates ranging from 1.8% to 3.1% and 2.2% to 2.3% respectively. The Group continues to recognize the carrying amount of the underlying bills receivable, as the title to the receivables was not transferred to the lending banks. However, the corresponding intra-group bills receivable were eliminated in consolidation against the original bills payable issued by the respective components of the Group. The elimination is based on the directors' judgment that the risks and rewards associated with these intra-group bills receivable and bills payable remain within the Group.

The Company

Bank borrowings

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Pledged borrowings	(i)	30,039	19,990	335,122
Guaranteed borrowings	(ii)	–	50,000	–
Credit borrowings		541,557	768,193	721,560
		571,596	838,183	1,056,682
Carrying amounts repayable				
In the first year		551,573	799,188	783,041
In the second year		20,023	38,995	8,000
In the third to fifth year		–	–	85,470
Over five years		–	–	180,171
		571,596	838,183	1,056,682
Less: Amounts due within one year shown under current liabilities		(551,573)	(799,188)	(783,041)
Amount shown under non-current liabilities		20,023	38,995	273,641

The exposure of the Company's borrowings are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	541,557	801,782	668,104
Variable-rate borrowings	30,039	36,401	388,578
	571,596	838,183	1,056,682

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The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's borrowings are as follows:

	As at 31 December		
	2023	2024	2025
Fixed-rate borrowings	2.5% to 3.1%	1.9% to 3.1%	1.0% to 2.6%
Variable-rate borrowings	3.9%	2.6% to 3.8%	2.4% to 3.5%

The Company's bank credit facilities amounted to RMB647,300,000, RMB1,251,193,000 and RMB658,290,000 had not been utilized as at 31 December 2023, 2024 and 2025, respectively.

Notes:

- (i) As at 31 December 2023, 2024 and 2025, the Company had the following pledged assets to obtain the borrowing:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Pledged equity interests in Feikong Jingwei ...	193,889	193,889	199,852
Pledged equity interests in Feikong Taike	–	–	1,589,253
Pledged deposits	–	–	13,504
	<u>193,889</u>	<u>193,889</u>	<u>1,802,609</u>

- (ii) The amounts were guaranteed by the RoboTechnik Intelligent (Nantong), a subsidiary of the Company, and the corresponding principal amounted to RMB50,000,000.

33. DEFERRED INCOME

The deferred income represented government grants received and are credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognized as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

34. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total minimum lease payments:			
– Due within one year	131	–	5,107
– Due in the second to fifth years	11	–	13,982
– Due after the fifth years	–	–	513
	<u>142</u>	<u>–</u>	<u>19,602</u>
Less: Future finance charges on lease liabilities	–	–	(1,837)
Present value of lease liabilities	<u>142</u>	<u>–</u>	<u>17,765</u>

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Present value of minimum lease payments:			
– Due within one year	131	–	4,305
– Due in the second to fifth years	11	–	12,959
– Due after the fifth years	–	–	501
	<u>142</u>	<u>–</u>	<u>17,765</u>
Less: Portion due within one year included under current liabilities	<u>(131)</u>	<u>–</u>	<u>(4,305)</u>
Portion due after one year included under non-current liabilities	<u>11</u>	<u>–</u>	<u>13,460</u>

During the Track Record Period, the total cash outflows for the leases (including short-term leases) were amounted to RMB1,498,000, RMB484,000 and RMB8,257,000, respectively.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Office premises	Leasehold properties	31 December 2023: 1 31 December 2024: Nil 31 December 2025: 2	31 December 2023: 1 year 31 December 2024: Nil 31 December 2025: 3.8 years to 6 years	Only subject to monthly fixed rental payment
Equipment	Leasehold equipment	31 December 2023 and 31 December 2024: Nil 31 December 2025: 1	31 December 2023 and 31 December 2024: Nil 31 December 2025: 2.8 years	Only subject to monthly fixed rental payment

35. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	32,177	36,544	48,994
Deferred tax liabilities	–	–	(21,960)
	<u>32,177</u>	<u>36,544</u>	<u>27,034</u>

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The movements in the deferred tax assets and liabilities during the Track Record Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

Deferred tax assets

	Impairment provision	Tax losses	Share-based payment	Lease liabilities	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	14,306	19,659	-	5	(10)	-	33,960
Recognized in profit or loss	7,017	(14,933)	4,627	23	(130)	-	(3,396)
Recognized in capital reserve	-	-	1,613	-	-	-	1,613
At 31 December 2023 and							
1 January 2024	21,323	4,726	6,240	28	(140)	-	32,177
Recognized in profit or loss	5,312	5,272	(7,541)	(28)	51	-	3,066
Recognized in capital reserve	-	-	1,301	-	-	-	1,301
At 31 December 2024 and							
1 January 2025	26,635	9,998	-	-	(89)	-	36,544
Recognized in profit or loss	842	11,053	-	(616)	702	(28)	11,953
Acquired through business combination	-	-	-	1,110	(613)	-	497
At 31 December 2025	27,477	21,051	-	494	-	(28)	48,994

Deferred tax liabilities

	Fair value adjustment on acquisition
	RMB'000
At 1 January 2023, 31 December 2023, 2024 and 1 January 2025	-
Acquired through business combination (<i>note 43</i>)	30,916
Recognized in profit or loss	(8,885)
Exchange realignment	(71)
At 31 December 2025	21,960

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As at the end of each Track Record Period, the Group had estimated unrecognized tax losses of RMB79,275,000, RMB113,674,000, and RMB241,773,000, respectively, to carry forward against future taxable income. Pursuant to the relevant laws and regulations in the PRC and the overseas, the estimated unrecognized tax losses at the end of each Track Record Period will expire in the following years:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expiry year:			
2024	1,258	–	–
2025	2,690	2,689	–
2026	316	322	8,440
2027	395	387	10,392
2028	609	595	11,562
2029 and beyond	74,007	109,681	211,379
	79,275	113,674	241,773

As at 31 December 2023, 2024 and 2025, the Group has deductible temporary differences of approximately RMB5,740,000, RMB11,337,000 and RMB50,039,000, respectively. No deferred tax asset has been recognized in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	31,508	34,850	48,597
Deferred tax liabilities	–	–	(86)
	31,508	34,850	48,511

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The movements in the deferred tax assets during the Track Record Period and its components as at 31 December 2023, 2024 and 2025 were as follows:

Deferred tax assets

	Impairment Provision	Tax losses	Share-based payment	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	13,796	19,663	-	-	33,459
Recognized in capital reserve	-	-	1,613	-	1,613
Recognized in profit or loss	6,855	(14,933)	4,627	(113)	(3,564)
At 31 December 2023 and					
1 January 2024	20,651	4,730	6,240	(113)	31,508
Recognized in capital reserve	-	-	1,301	-	1,301
Recognized in profit or loss	4,427	5,131	(7,541)	24	2,041
At 31 December 2024 and					
1 January 2025	25,078	9,861	-	(89)	34,850
Recognized in profit or loss	2,398	11,190	-	159	13,747
At 31 December 2025	<u>27,476</u>	<u>21,051</u>	<u>-</u>	<u>70</u>	<u>48,597</u>

Deferred tax liabilities

	Fair value adjustment on financial instruments
	RMB'000
At 1 January 2023, 31 December 2023, 2024 and 1 January 2025.....	-
Recognized in profit or loss	86
At 31 December 2025	<u>86</u>

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36. SHARE CAPITAL

	Number of ordinary shares	Nominal values of shares
		RMB’000
Ordinary shares of RMB1 each Authorized, issued and fully paid:		
At 1 January 2023	110,530,936	110,531
Repurchase and cancelation of restricted shares under Share Award Scheme (<i>note (a)</i>)	(141,950)	(142)
At 31 December 2023 and 1 January 2024	110,388,986	110,389
Shares issued under Share Award Scheme (<i>note (b)</i>)	362,630	362
Repurchase and cancelation of restricted shares under Share Award Scheme (<i>note (c)</i>)	(13,894)	(14)
Conversion of capital reserve into share capital (<i>note (d)</i>)	44,300,646	44,301
At 31 December 2024 and 1 January 2025	155,038,368	155,038
Share consideration issued for business combination (<i>note (e)</i>)	9,581,778	9,582
Issuance of share capital upon private placement (<i>note (f)</i>)	3,072,245	3,072
Repurchase and cancelation of restricted shares under Share Award Scheme (<i>note (g)</i>)	(84,280)	(84)
At 31 December 2025	167,608,111	167,608

Notes:

- (a) Due to the participants have not met the requirements for relieving the lock-up conditions, a total of 141,950 restricted shares granted in 2021 Restricted Shares Incentive Scheme (“**Shares Award Scheme**”) was repurchased and canceled, leading to reduction of treasury shares, share capital and capital reserve of approximately RMB4,231,000, RMB142,000 and RMB4,118,000, respectively.
- (b) During the year ended 31 December 2024, Type II restricted shares representing a total of 362,630 ordinary shares were vested and issued under the Share Award Scheme. As a result of the vesting of restricted shares, RMB10,448,000 has been transferred to the capital reserve in accordance with the accounting policy set out in Note 3.22.
- (c) Due to the resignation of the eligible participants and/or the failure to meet the Group’s performance appraisal and individual performance appraisal, a total of 13,894 restricted shares granted in Shares Award Scheme was repurchased and canceled, leading to reduction of treasury shares, share capital and capital reserve of approximately RMB296,000, RMB14,000 and RMB287,000, respectively.
- (d) Pursuant to the “Proposal on the 2023 Profit Distribution Plan and Capitalization of Capital Reserve” approved at the 2023 annual general meeting convened at 14 May 2024, the Company will issue 4 additional shares for every 10 shares held to all shareholders from the capital reserve, for a total of 44,300,646 ordinary shares.
- (e) In May 2025, the Company issued 9,581,778 new ordinary shares as share consideration for the acquisition as set out in Note 43. Following the issuance, the Company’s total share capital increased from 155,038,368 shares to 164,620,146 shares. Please refer to Note 43 for further details.
- (f) In June 2025, the Company issued an additional 3,072,245 new shares at a price of RMB124.99 per share through a private placement to raise supporting funds for the business combination. The net proceeds for the issuance amounted to approximately RMB358,439,000 (Gross proceeds of approximately RMB384,000,000 minus the transaction cost). Following the issuance, the total share capital further increased from 164,620,146 shares to 167,692,391 shares.

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- (g) As the participants did not meet the requirements for relieving the lock-up conditions, a total of 84,280 restricted shares granted in Shares Award Scheme was repurchased and canceled, leading to reduction of treasury shares, share capital and capital reserve of approximately RMB1,876,000, RMB84,000 and RMB1,792,000, respectively.

37. RESERVES

The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

(a) *Capital reserve*

Capital reserve mainly represents the excess of the net proceeds from issuance of shares of the Company over its par value.

Capital reserve also includes (i) the difference between the consideration to acquire additional interest in subsidiaries and the respective share of the carrying amounts of net assets acquired and (ii) the reserve for difference between the market price value at the grant date and grant price value of the restricted shares and private placement and is dealt with in accordance with the accounting policy set out in Note 3.22.

(b) *Treasury shares*

Treasury shares represented the repurchased restricted shares under the Share Award Scheme. The changes in number of treasury shares are as follows:

	<u>Number of shares</u>
At 1 January 2023	251,500
Repurchase and cancelation of restricted shares under Share Award Scheme	(141,950)
At 31 December 2023 and 1 January 2024	109,550
Conversion of capital reserve into treasury shares	43,820
Repurchase and cancelation of restricted shares under Share Award Scheme	(13,894)
At 31 December 2024, 1 January 2025	139,476
Unlocking of restricted shares under Share Award Scheme	(55,196)
Repurchase and cancelation of restricted shares under Share Award Scheme	(84,280)
At 31 December 2025	–

(c) *Statutory reserve*

In accordance with the Company Law of the PRC and the Company's Articles of Association, the Company is required to appropriate 10% of profit after tax for the year to the statutory reserve, and the Company can cease appropriation when the statutory reserve has reached to more than 50% of the registered capital. The statutory reserve can be used to make up for the losses or increase the share capital after approval from the appropriate authorities. As at 31 December 2023, 2024 and 2025, the Company's statutory reserve has reached more than 50% of the registered capital and ceased appropriation.

(d) *Translation reserve*

The translation reserve includes (i) all foreign exchange differences arising from translating the financial statements of foreign operations and (ii) share of other comprehensive income or expense of associates.

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The Company

The movement of the Company's reserves during the Track Record Period are as follows:

	Treasury shares	Capital reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(7,497)	540,171	36,419	194,690	763,783
Transactions with owners:					
Dividends declared	-	-	-	(11,053)	(11,053)
Repurchase and cancellation of restricted shares under Share Award Scheme	4,231	(4,118)	-	-	113
Recognition of equity-settled share-based payments	-	32,462	-	-	32,462
Appropriation to statutory reserves	-	-	7,561	(7,561)	-
	4,231	28,344	7,561	(18,614)	21,522
Profit for the year	-	-	-	75,612	75,612
At 31 December 2023 and 1 January 2024	(3,266)	568,515	43,980	251,688	860,917
Transactions with owners:					
Repurchase and cancellation of restricted shares under Share Award Scheme	296	(287)	-	-	9
Dividends declared	-	-	-	(28,152)	(28,152)
Vesting of restricted shares under Share Award Scheme	-	10,448	-	-	10,448
Conversion of capital reserve into share capital ...	-	(44,301)	-	-	(44,301)
Recognition of equity-settled share-based payments	-	(14,369)	-	-	(14,369)
Appropriation to statutory reserves	-	-	4,975	(4,975)	-
	296	(48,509)	4,975	(33,127)	(76,365)
Profit for the year	-	-	-	49,753	49,753
At 31 December 2024 and 1 January 2025	(2,970)	520,006	48,955	268,314	834,305
Transactions with owners:					
Dividends declared	-	-	-	(7,546)	(7,546)
Share consideration issued for business combination	-	1,016,956	-	-	1,016,956
Unlock of awarded shares under Share Award Scheme	1,094	-	-	-	1,094
Repurchase and cancellation of awarded shares under restricted shares incentive scheme	1,876	(1,792)	-	-	84
Issuance of share capital through private placement	-	355,367	-	-	355,367
	2,970	1,370,531	-	(7,546)	1,365,955
Loss for the year	-	-	-	(37,690)	(37,690)
At 31 December 2025	-	1,890,537	48,955	223,078	2,162,570

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38. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the Shares Award Scheme, the Company granted 251,500 Type I and 2,293,500 Type II restricted shares to the eligible participants with grant price of RMB29.81 per share, for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operations. Eligible participants of the scheme include the Company's directors and the Group's employees. The grant date of Shares Award Scheme is 18 January 2022.

Type I restricted shares under the Shares Award Scheme are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancelation of repurchase, while for Type II restricted shares under the Shares Award Scheme are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

Type I restricted shares refers to ordinary shares issued to the participants with certain restrictions stipulated under the Shares Award Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company, with certain restrictions stipulated under the Shares Award Scheme. The Type I restricted shares are subject to a lock-up period and can only be released for trading after the conditions for lifting the lock-up stipulated in the Shares Award Scheme are met.

Type II restricted shares refers to newly issued ordinary shares granted to the participants and subscribed for upon the satisfaction of the Group's performance appraisal and individual performance appraisal under the Shares Award Scheme. Upon the satisfaction of certain vesting conditions under the Shares Award Scheme, the participants of Type II restricted shares have the right to subscribe new ordinary shares.

These granted restricted shares have a contractual term of no more than 48 months and will be released (Type I restricted shares) or vested (Type II restricted shares) 30%, 30% and 40%, respectively over a three-year period beginning 12 months after the grant date.

According to the Shares Award Scheme, the restricted share repurchased price of both Type I and Type II restricted shares would be adjusted if the Company declared cash or share dividends, executed stock splits, rights issue or share reduction or transferred share premium into share capital.

During the years ended 31 December 2023, 2024 and 2025, 1,428,500, 100,444 and 614,000 unvested restricted shares were forfeited, respectively as certain vesting conditions were not fulfilled.

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Share Award Scheme is to be forfeited.

	As at 31 December		
	2023	2024	2025
Number of restricted shares:			
At the beginning of the year	2,545,000	1,116,500	614,000
Forfeited during the year	(1,428,500)	(100,444)	(614,000)
Released/Vested during the year	–	(402,056)	–
At the end of the year	1,116,500	614,000	–

The Black-Scholes option pricing model has been used to estimate the fair value of restricted shares. The variables and assumptions used in computing the fair value of restricted shares were valued by the directors of the Company. The weighted average fair value per share for restricted shares granted during the year ended 31 December 2022 was approximately RMB29.81.

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Changes in variables and assumptions may result in changes in the fair value of restricted shares. These fair values and corresponding inputs into the model were as follows:

Restricted share plan	Closing price per share of grant date	Unadjusted grant price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
	RMB	RMB	%	Years	%	%
Share Award Scheme	47.27	29.81	8.83 to 17.25	3	1.50 to 2.75	0.00

39. MORTGAGE AND PLEDGE OF ASSETS

The following assets have been mortgaged/pledged to various banks for securing the Group's banking facilities, issuing of bills payables and/or for the purpose of providing bank guarantee to the customers at the end of each Track Record Period:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mortgaged right-of-use assets (note 16)	–	–	10,476
Mortgaged trade receivables (note 22)	–	–	227,628
Pledged equity interests of subsidiaries (note 20)	193,889	193,889	1,789,105
Pledged inventory (note 21)	–	–	35,423
Pledged bills receivables (note 22)	43,741	–	–
Pledged financial assets at FVTPL (note 23)	–	–	8,397
Pledged deposits (note 28)	–	–	13,648
Restricted bank deposits (note 28)	23,691	1,528	7,116
Total	261,321	195,417	2,091,793

40. CAPITAL COMMITMENTS

40.1 Capital Commitments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted but not provided for:			
– Acquisition of property, plant and equipment	149,384	145,511	264,541

40.2 Lease Commitments

As a lessee

At the end of each Track Record Period, the lease commitments for non-cancellable short-term leases are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	406	310	4,110

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41. RELATED PARTY DISCLOSURES

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are related parties of the Group that had transactions and/or balances with the Group during the Track Record Period:

Name of related parties	Relationship with the Group
Weisikai Technology	An associate of the Group
Feikong Taike	An associate of the Group before May 2025
Union Microelectronics Technology Nantong Co., Ltd. [#] 元能微電子科技南通有限公司	Controlled by Mr. Dai Jun, director of the Company
Suzhou Junion Intelligent Technology Co., Ltd. [#] 蘇州玖物智能科技股份有限公司	Controlled by Mr. Wang Hongjun (resigned as director on 15 September 2025) and partly held by Mr. Dai Jun, the director of the Company
FSG and its subsidiaries	An associate of the Group before May 2025
Yuanjiesheng	Controlled by Mr. Dai Jun, director of the Company
Mr.Torsten	Appointed as a director of the Company from 15 September 2025
ELAS Technologies Investment GmbH	Controlled by Mr.Torsten
Ludwig Feinmechanik und Maschinenbau GmbH	Indirectly controlled by Mr.Torsten
OTS Service GmbH	Indirectly controlled by Mr.Torsten
Weytronik GmbH	Indirectly controlled by Mr.Torsten
MaTo Immo GmbH	Indirectly controlled by Mr.Torsten

[#] The English translations of the names of the companies established in the PRC are for reference only. The official names of these companies are in Chinese.

(b) In addition to the transactions/information disclosed elsewhere in these Historical Financial Information, during the Track Record Period, the Group had the following material transactions with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods and services			
– Entities controlled by a director	1,692	1,286	82
– Associates of the Group	2,091	53,883	29,303
	3,783	55,169	29,385
Purchases of goods and services			
– Entities controlled by a director	1,136	35	6,795
– An entity controlled and partly held by directors ...	259	47,320	12,075
– Associates of the Group	7,225	28,441	32,285
– An entity indirectly controlled by a director	–	–	2,410
	8,620	75,796	53,565

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Rental income received			
– Entities controlled by a director	1,541	1,541	620
– Associates of the Group	120	240	80
	<u>1,661</u>	<u>1,781</u>	<u>700</u>
Interest expenses on lease liabilities			
– An entity indirectly controlled by a director	–	–	216
	<u>–</u>	<u>–</u>	<u>216</u>
(c) Balances with related parties			
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills receivables			
– Entities controlled by a director	2,985	3,746	4,225
– Associates of the Group	158	31,850	633
– An entity indirectly controlled by a director	–	–	88
Deposits, prepayments and other receivables*			
– Associates of the Group	39,425	29,463	–
– An entity indirectly controlled by a director	–	–	8,236
– A director of the Company	–	–	87
Contract assets			
– Entities controlled by a director	339	747	316
– Associates of the Group	–	17,213	1,428
	<u>42,907</u>	<u>83,019</u>	<u>15,013</u>
Trade and bills payables			
– Entities controlled by a director	257	845	1,562
– An entity controlled and partly held by directors ...	7,583	38,272	48,840
– Associates of the Group	7,219	1,658	1,276
– An entity indirectly controlled by a director	–	–	1,912
Contract liabilities			
– Entities controlled by a director	38	–	–
– Associates of the Group	1,008	253	13
Other payables and accrued expenses			
– Entities controlled by a director	105	600	2,650
– Associates of the Group	131	33	2
– An entity indirectly controlled by a director	–	–	8
	<u>16,341</u>	<u>41,661</u>	<u>56,263</u>

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities from a related company			
– An entity indirectly controlled by a director	–	–	13,140
	<u>–</u>	<u>–</u>	<u>13,140</u>

* Included in deposit, prepayments and other receivable, there is amount due from related parties of RMB39,425,000, RMB29,463,000 and RMBNil as at 31 December 2023, 2024 and 2025 respectively which are trade in nature.

Note: Trade and bills receivables, contract assets, deposits, prepayments and other receivables that related to prepayments, trade and bills payables, contract liabilities and other payables and accruals are trade in nature.

The remaining receivable balances of RMBNil, RMBNil and RMB8,323,000 as at 31 December 2023, 2024 and 2025, respectively, mainly related to investing activities which are non-trade in nature, unsecured and expected to be settled before the completion of the initial [REDACTED] of H Shares of the Company on the Main Board of the Stock Exchange.

The remaining payable balances of RMBNil, RMBNil and RMB13,140,000 as at 31 December 2023, 2024 and 2025, respectively, mainly related to financing activities which are non-trade in nature, unsecured and expected to be settled before the completion of the initial [REDACTED] of H Shares of the Company on the Main Board of the Stock Exchange.

(d) **Guarantee received from a related party**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Guarantor (note 32)			
– An entity controlled by a director	–	–	11,460
	<u>–</u>	<u>–</u>	<u>11,460</u>

The guarantee provided by related parties is expected to be released prior to initial [REDACTED] of H Shares of the Company on the Main Board of the Stock Exchange or upon the repayment of such bank borrowings, whichever comes earlier.

(e) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and other benefits	6,512	6,194	5,750
Retirement benefit scheme contributions	391	361	326
Equity-settled share-based payment expense	14,118	(6,900)	–
	<u>21,021</u>	<u>(345)</u>	<u>6,076</u>

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42. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities for the Track Record Period.

	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
At 1 January 2023	523,916	24	523,940
Cash flows			
– Proceeds from borrowing	524,824	–	524,824
– Repayment of borrowings	(445,124)	–	(445,124)
– Interest paid	(13,207)	–	(13,207)
– Payment of lease liabilities	–	(915)	(915)
– Interest expenses on lease liabilities	–	(8)	(8)
Non-cash transactions			
– Entering into new leases	–	1,058	1,058
– Early-termination of lease	–	(25)	(25)
– Interest expenses on bank borrowings	12,836	–	12,836
– Change of interest payable	(287)	–	(287)
– Interest expenses on lease liabilities	–	8	8
– Other non-cash movements	68,479	–	68,479
At 31 December 2023 and 1 January 2024	671,437	142	671,579
Cash flows			
– Proceeds from borrowing	1,045,209	–	1,045,209
– Repayment of borrowings	(552,273)	–	(552,273)
– Interest paid	(21,443)	–	(21,443)
– Payment of lease liabilities	–	(75)	(75)
– Interest expenses on lease liabilities	–	(3)	(3)
Non-cash transactions			
– Early-termination of lease	–	(67)	(67)
– Interest expenses on bank borrowings	22,138	–	22,138
– Interest expenses on lease liabilities	–	3	3
– Other non-cash movements	(142,690)	–	(142,690)
At 31 December 2024 and 1 January 2025	1,022,378	–	1,022,378
Cash flows			
– Proceeds from borrowing	1,572,612	–	1,572,612
– Repayment of borrowings	(1,418,867)	–	(1,418,867)
– Interest paid	(34,711)	–	(34,711)
– Payment of lease liabilities	–	(2,310)	(2,310)
– Interest expenses on lease liabilities	–	(578)	(578)
Non-cash transactions			
– Entering into new lease	–	2,056	2,056
– Acquired through business combination (note 43)	123,647	18,132	141,779
– Interest expenses on bank borrowings	35,234	–	35,234
– Interest expenses on lease liabilities	–	578	578
– Other non-cash movements	7,426	(113)	7,313
At 31 December 2025	1,307,719	17,765	1,325,484

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(b) Major non-cash transactions

During the Track Record Period, the Group endorsed certain bills receivables accepted by banks in the PRC to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts of as follows.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Settlement of trade payables through endorsement of bills receivables	509,045	248,789	53,447

43. BUSINESS COMBINATIONS

Acquisition of Feikong Taike

In May 2025, the Company completed the transaction of which the Company further acquired 81.19% additional equity interests of Feikong Taike and 6.97% equity interests of FSG and FAG from other sellers. As Feikong Taike indirectly held 93.03% of the equity interests of FSG and FAG, the Company had effectively acquired 100% equity interests of Feikong Taike Group after the transaction. Upon the completion of the acquisition in May 2025, Feikong Taike Group became a wholly owned subsidiary of the Group.

Pursuant to the sale and purchase agreement, the total consideration comprises of a cash consideration along with the share consideration. The cash consideration amounted to RMB627,545,000. Besides, on 23 May 2025, the Company had issued 9,581,778 shares totaling of approximately RMB1,026,538,000 as share consideration to other sellers.

The Group accordingly remeasured the fair value of its pre-existing interest in Feikong Taike at the date of completion approximately RMB238,855,000. Goodwill arose in the acquisition as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The following table summarizes the details of the carrying value and fair value of the Group’s pre-existing interest in Feikong Taike at the acquisition date.

	Year ended 31 December 2025
	RMB’000
Carrying amount of pre-existing interest	190,408
Less: Fair value of pre-existing interest	(238,855)
Gain on remeasurement for step acquisition	<u>(48,447)</u>

The previously held interest of 18.81% of Feikong Taike had been remeasured at fair value and gain on remeasurement for step acquisition under business combination of RMB48,447,000 was recognized under “Other gains/(losses), net” in the consolidated income statement for the year ended 31 December 2025.

Feikong Taike Group is engaging in the research and development of SiPh equipment, optoelectronic and photonic components (including micro-optical products and laser devices), and testing equipment, alongside the sales of testing equipment and investments in the SiPh and optical communication industries. The acquisition was made with the aims to enhance business scale of the Group and expand market scope of the Group.

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Performance Commitment and Compensation Agreement with the controlling shareholder

To protect the interests of the Company and all shareholders, the controlling shareholder entered into the Performance Commitment and Compensation Agreement with the Company on 23 March 2025. The controlling shareholder voluntarily committed to cash compensation for cumulative net profit targets of the Feikong Taike Group for the years 2025, 2026 and 2027 if profit targets are not met. The compensation is capped at approximately RMB1,011,775,000.

The committed net profits for the years 2025, 2026 and 2027 are EUR10,784,000, EUR20,375,000 and EUR26,986,000, respectively, with cumulated net profits amounted to EUR58,140,000, based on a valuation report issued by an external valuer under the income approach. While if the actual cumulative net profit falls short of the commitment, the compensation amount shall be calculated as cumulative committed profit minus cumulative actual profit divided by cumulative committed profit times the total consideration.

Upon expiry of the commitment period, an impairment test will also be conducted. If the impairment amount exceeds the compensation already paid, additional cash compensation shall be made by the controlling shareholder. The impairment amount shall be adjusted for any capital injections, reductions, gifts, or profit distributions during the commitment period.

Details of the aggregate fair values of the identifiable assets and liabilities of the acquirees as at the date of acquisition are as follows:

	Feikong Taike Group
	RMB'000
Property, plant and equipment (<i>note 15</i>)	10,789
Intangible assets (<i>note 18</i>)	190,017
Right of use assets (<i>note 16</i>)	16,503
Inventories	280,419
Trade and other receivables	141,392
Pledged and restricted bank deposit	3,609
Cash and cash equivalents	20,241
Other assets	18,161
Borrowings	(123,647)
Trade and other payables	(135,401)
Deferred tax liabilities (<i>note 35</i>)	(30,916)
Lease liabilities (<i>note 42(a)</i>)	(18,132)
Other liabilities	(133,673)
	<hr/>
Net assets acquired	239,362
Goodwill (<i>note 17</i>)	1,653,576
Less: cash and share considerations	(1,654,083)
	<hr/>
Fair value of previously held interest	238,855
	<hr/>
Total cash consideration	627,545
Less: Cash and cash equivalents acquired	(20,241)
	<hr/>
Cash outflows arising on acquisition through business combinations	607,304
	<hr/>

No significant acquisition-related cost had been incurred in relation to the acquisition.

Impact of acquisition on the result of the Group

Included in the consolidated loss for the year ended 31 December 2025 was loss of approximately RMB3,229,000 attributable to the additional business incurred by Feikong Taike Group. Revenue for the year ended 31 December 2025 was approximately RMB458,251,000.

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If the acquisition had occurred on 1 January 2025, the Group's revenue would have been approximately RMB1,090,412,000 and loss before tax for the year would have been approximately RMB68,690,000 for the year ended 31 December 2025. This [REDACTED] information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include credit risk, interest rate risk, foreign exchange risk, equity price risk and liquidity risk. The Group's overall risk management strategy seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

44.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
<u>Financial assets at amortized cost</u>			
Trade and bills receivables	285,966	441,427	678,018
Other receivables	1,480	2,454	6,278
Bank balances and cash	238,809	300,121	284,426
	<u>526,255</u>	<u>744,002</u>	<u>968,722</u>
Financial assets at FVTPL	30,000	59,625	93,163
<u>Financial assets at FVOCI</u>			
Equity investment at fair value	–	–	93,000
Bills receivables	76,415	77,291	73,018
	<u>76,415</u>	<u>77,291</u>	<u>166,018</u>
Derivative financial instruments	–	–	571
	<u>632,670</u>	<u>880,918</u>	<u>1,228,474</u>

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
<u>Financial liabilities at amortized cost</u>			
Trade and bills payables	621,830	195,813	324,034
Other payables and accruals	31,939	13,658	102,447
Borrowings	671,437	1,022,378	1,307,719
Lease liabilities	142	–	17,765
	<u>1,325,348</u>	<u>1,231,849</u>	<u>1,751,965</u>

44.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's credit risk exposures are primarily attributable to contract assets, trade and bills receivables, other receivables, pledged and restricted bank deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(i) Trade receivables and contract assets

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment by the management. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

The management reviews the recoverable amount of each individual debt at the end of each Track Record Period to ensure that adequate impairment loss allowance is made for irrecoverable amounts on trade receivables and contract assets. The provision rates are based on aging analysis for grouping of debtors that have similar loss patterns taking into consideration the historical default rates, debtors' portfolios, economic environments, industry conditions and forward-looking information as at the end of each Track Record Period that is reasonable and supportable available without undue costs or effort.

As at 31 December 2023, 2024 and 2025, in terms of gross carrying amounts, 12.5%, 20.4% and 17.6% of the total trade receivables and contract assets was due from the Group's largest customer, and 49.9%, 40.0% and 29.9% of the total trade receivables and contract assets were due from the Group's top five customers.

The Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables and contract assets. The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECL, which is based on provision matrix, while the credit-impaired trade receivables and contract assets are assessed for ECL individually, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses. Information based on the individual basis and collective basis is disclosed in Note 22.

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(ii) *Other receivables, debt instruments at FVOCI (recycling) and other financial asset at amortized cost*

In order to minimise the credit risk of other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records, and past experience as well as current external information, and adjusted to reflect probability-weighted forward-looking information, including the default rate where the relevant debtors operates. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group applies the IFRS 9 three-stage approach to measure ECL for other receivables.

As at 31 December 2023, 2024 and 2025, since the credit risk of other receivables of approximately RMB1,489,000, RMB2,528,000 and RMB5,518,000 is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12-month ECL, and ECL rates of 5%, 5% and 5% were provided.

As at 31 December 2023, 2024 and 2025, the Group determines that the credit risk of other receivables of approximately RMB40,000, RMB26,000 and RMB1,209,000 are considered significantly increased since initial recognition, therefore the impairment provision is determined as lifetime ECL (non-credited impaired), and ECL rates of 20%, 20% and 20% were provided, while RMB594,000, RMB472,000 and RMB639,000 are determined as lifetime ECL (credited impaired) respectively, therefore, provision was provided as at 31 December 2023, 2024 and 2025.

The credit risk on bills receivables at FVOCI is considered to be insignificant because there was no material default by the counterparties in the past.

The credit risk on pledged and restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies. The 12-month ECL on pledged and restricted bank deposits and cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognized.

The table below shows 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.

At gross amount:

	12-month	Lifetime ECL			Total
	ECL			Simplified approach	
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023					
Trade and bills receivables	76,415	-	33,051	323,348	432,814
Contract assets	-	-	14,270	810,434	824,704
Other receivables	1,489	40	594	-	2,123
Pledged and restricted bank deposits	23,691	-	-	-	23,691
Cash and cash equivalents	215,118	-	-	-	215,118
	316,713	40	47,915	1,133,782	1,498,450

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	12-month ECL	Lifetime ECL			Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2024					
Trade and bills receivables	87,513	–	30,910	487,100	605,523
Contract assets	–	–	11,988	677,364	689,352
Other receivables	2,528	26	472	–	3,026
Pledged and restricted bank deposits	1,528	–	–	–	1,528
Cash and cash equivalents	298,593	–	–	–	298,593
	390,162	26	43,370	1,164,464	1,598,022
At 31 December 2025					
Trade and bills receivables	77,293	–	97,953	723,028	898,274
Contract assets	–	–	45,277	316,475	361,752
Other receivables	5,518	1,209	639	–	7,366
Pledged and restricted bank deposits	20,764	–	–	–	20,764
Cash and cash equivalents	263,662	–	–	–	263,662
	367,237	1,209	143,869	1,039,503	1,551,818
At ECL amount:					
	12-month ECL	Lifetime ECL			Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
At 31 December 2023					
Trade and bills receivables	–	–	27,492	42,941	70,433
Contract assets	–	–	7,135	40,522	47,657
Other receivables	65	8	570	–	643
Pledged and restricted bank deposits	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–
	65	8	35,197	83,463	118,733
At 31 December 2024					
Trade and bills receivables	511	–	30,910	55,384	86,805
Contract assets	–	–	11,988	33,869	45,857
Other receivables	95	5	472	–	572
Pledged and restricted bank deposits	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–
	606	5	43,370	89,253	133,234

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	12-month ECL		Lifetime ECL		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025					
Trade and bills receivables	279	-	68,387	78,572	147,238
Contract assets	-	-	38,626	15,824	54,450
Other receivables.....	253	242	593	-	1,088
Pledged and restricted bank deposits.....	-	-	-	-	-
Cash and cash equivalents.....	-	-	-	-	-
	<u>532</u>	<u>242</u>	<u>107,606</u>	<u>94,396</u>	<u>202,776</u>

As at 31 December 2023, included in contract assets is a receivable amounting to RMB14,270,000 from a debtor subject to legal enforcement proceedings. Having considered the liquidity condition of the debtor, the Group concluded that it is credit-impaired. Therefore, it was transferred to stage 3 for lifetime ECL measurement.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables and other receivables are set out in Notes 22 and 26, respectively.

44.3 Interest rate risk

The Group's interest rate risk arises primarily from cash at bank and bank borrowings. Bank borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023, 2024 and 2025 are primarily the cash at bank and variable rate bank borrowing and the cash flow interest rate risk arising from the change of market interest rate.

The Group's interest-bearing financial instruments at variable rate at the end of each Track Record Period are set out as follows:

	At 31 December					
	2023		2024		2025	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
			0.1% to		0.01% to	
Bank deposits	0.01%-4%	238,809	4.85%	300,121	3.9%	284,426
Bank borrowings	3.9%	(30,039)	2.6% to 3.8%	(149,076)	2.3% to 7.8%	(454,675)
		<u>208,770</u>		<u>151,045</u>		<u>(170,249)</u>

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The following table illustrates the sensitivity of the Group's profit/(loss) after income tax and equity to a possible change in interest rates with effect from the beginning of the year. This sensitivity analysis is provided internally to key management personnel.

	Increase/ (decrease) in basis points	(Decrease)/ Increase in profit/(loss) after tax for the year	(Decrease)/ Increase in retained earnings/ accumulated losses
		RMB'000	RMB'000
At 31 December 2023			
Basis points	100	1,775	1,775
Basis points	(100)	(1,775)	(1,775)
At 31 December 2024			
Basis points	100	1,284	1,284
Basis points	(100)	(1,284)	(1,284)
At 31 December 2025			
Basis points	100	(135)	(135)
Basis points	(100)	135	135

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

The Group does not use any interest rate swap to hedge its exposure to interest rate risk. However, the management of the Group has closely monitored the interest rate exposure.

44.4 Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily through business activities which give rise to receivables, payables and bank deposits that are denominated in a foreign currency that is not the entity's functional currency. The currencies giving rise to the foreign exchange risk are primarily USD, Swiss Franc ("CHF") and EUR.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the Track Record Period are as follows:

	Assets	Liabilities	Net exposure
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
- USD	82,162	(6)	82,156
- EUR	28,767	(4,168)	24,599
- CHF	-	(38,725)	(38,725)
As at 31 December 2024			
- USD	186,334	(388)	185,946
- EUR	59,339	(5,417)	53,922
- CHF	-	(62,782)	(62,782)

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	Assets	Liabilities	Net exposure
	RMB'000	RMB'000	RMB'000
As at 31 December 2025			
- USD	657,312	(3,282)	654,030
- EUR	288,627	(6,033)	282,594
- CHF	36	(69,480)	(69,444)
	<u>657,312</u>	<u>(69,480)</u>	<u>587,832</u>

The following indicates the instantaneous change in the Group's profit/(loss) after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the Track Record Period had changed at that date, assuming all other risk variables remained constant.

As at 31 December 2023, it is estimated that the effect on the Group's profit after tax (and retained earnings) would be RMB3,492,000, RMB1,045,000 and RMB1,646,000 lower and RMB3,492,000, RMB1,045,000 and RMB1,646,000 higher for a general depreciation or appreciation of 5% on USD, EUR and CHF against RMB, respectively with all other variables held constant.

As at 31 December 2024, it is estimated that the Group's profit after tax and retained earnings would be RMB7,903,000, RMB2,292,000 and RMB2,668,000 lower and RMB7,903,000, RMB2,292,000 and RMB2,668,000 higher for a general depreciation or appreciation of 5% on USD, EUR and CHF against RMB, respectively with all other variables held constant.

As at 31 December 2025, it is estimated that the effect on the Group's loss after tax (and retained earnings) would be RMB27,797,000, RMB12,011,000 and RMB2,951,000 lower and RMB27,797,000, RMB12,011,000 and RMB2,951,000 higher for a general depreciation or appreciation of 5% on USD, EUR and CHF against RMB, respectively with all other variables held constant.

44.5 Equity price risk

The Group is not exposed to equity price risk as the equity investments held by the Group classified as financial assets at FVTPL and FVOCI are unlisted equity investments.

44.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, lease liabilities and borrowings and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in installments, each installment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Less than 1 year or on demand	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023					
Trade and bills payables	621,830	-	-	621,830	621,830
Other payables and accruals	31,939	-	-	31,939	31,939
Borrowings	657,627	20,445	-	678,072	671,437
Lease liabilities	131	11	-	142	142
	<u>1,311,527</u>	<u>20,456</u>	<u>-</u>	<u>1,331,983</u>	<u>1,325,348</u>

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	Less than 1 year or on demand	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Carrying amounts
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024					
Trade and bills payables	195,813	-	-	195,813	195,813
Other payables and accruals	13,658	-	-	13,658	13,658
Borrowings	995,239	39,678	-	1,034,917	1,022,378
	<u>1,204,710</u>	<u>39,678</u>	<u>-</u>	<u>1,244,388</u>	<u>1,231,849</u>
As at 31 December 2025					
Trade and bills payables	324,034	-	-	324,034	324,034
Other payables and accruals	102,447	-	-	102,447	102,447
Borrowings	1,019,277	151,987	243,028	1,414,292	1,307,719
Lease liabilities	5,107	13,982	513	19,602	17,765
	<u>1,450,865</u>	<u>165,969</u>	<u>243,541</u>	<u>1,860,375</u>	<u>1,751,965</u>

44.7 Fair values measurement

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorized in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statements of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
<u>Financial assets at FVTPL</u>			
- Unlisted investment in partnerships	-	30,000	30,000
<u>Financial assets at FVOCI</u>			
- Bills receivables	76,415	-	76,415
	<u>76,415</u>	<u>30,000</u>	<u>106,415</u>

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	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2024			
<u>Financial assets at FVTPL</u>			
- Unlisted investment in partnerships	-	44,625	44,625
- Structured deposits	15,000	-	15,000
<u>Financial assets at FVOCI</u>			
- Bills receivables	77,291	-	77,291
	92,291	44,625	136,916
As at 31 December 2025			
<u>Financial assets at FVTPL</u>			
- Unlisted investment in partnerships	-	44,625	44,625
- Structured deposits	37,000	-	37,000
- Fund investment	11,538	-	11,538
- Derivative financial instruments	571	-	571
<u>Financial assets at FVOCI</u>			
- Equity investment at fair value	-	93,000	93,000
- Bills receivables	73,018	-	73,018
	122,127	137,625	259,752

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the Track Record Period. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each Track Record Period in which they occur.

Financial assets and liabilities carried at amortized cost

The management considers that the carrying amounts of other financial assets and liabilities recorded at amortized cost approximate to their fair values due to their short-term maturities.

Bills receivable measured at FVOCI (recycling)

The fair value of bills receivable in Level 2 is determined by discounting its future cash flows. The discount rates used are reference to rates currently available for instruments issued by commercial banks/government with similar terms, credit risk and remaining maturities.

Financial assets measured at FVTPL

The fund investment is stated at fair value which is based on net asset value quoted by financial institutions.

The structured deposits are stated at fair value which is based on market values/fair values provided by financial institutions, with variable interest rates indexed to the performance of underlying assets.

Derivative financial instruments

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the end of the Track Record Period. Normally, the derivatives entered into by the Group are not traded on active markets. The fair values of such contracts are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the current contract using a risk-free interest rate. The effects of non-observable inputs are not significant for the derivative financial instruments.

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Information on Level 3 fair value measurements

The movement during the Track Record Period in the balance of the level 3 fair value measurements of financial assets at FVTPL and FVOCI are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL			
At the beginning of the year	30,000	30,000	44,625
Addition	–	15,000	–
Disposal	–	(375)	–
At the end of the year	30,000	44,625	44,625
Financial assets at FVOCI			
At the beginning of the year	–	–	–
Addition	–	–	93,000
At the end of the year	–	–	93,000

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVTPL and financial assets at FVOCI together with a quantitative sensitivity analysis at the end of each Track Record Period:

	Fair value	Valuation techniques	Significant unobservable inputs	Range	Effect on fair value for increase of inputs
	RMB'000				
As at 31 December 2023					
<u>Financial assets at FVTPL</u>					
– Unlisted investment in partnerships	<u>30,000</u>	Cost approach (Summation method)	Adjusted net assets value	N/A	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%
As at 31 December 2024					
<u>Financial assets at FVTPL</u>					
– Unlisted investment in partnerships	<u>44,625</u>	Cost approach (Summation method)	Adjusted net assets value	N/A	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%
As at 31 December 2025					
<u>Financial assets at FVTPL</u>					
– Unlisted investment in partnerships	<u>44,625</u>	Cost approach (Summation method)	Adjusted net assets value	N/A	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%

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	Fair value	Valuation techniques	Significant unobservable inputs	Range	Effect on fair value for increase of inputs
	RMB'000				
<u>Financial assets at FVOCI</u>					
- Equity investment at fair value ..	90,000	Market approach	Discounts for lack of marketability	15.6%	10% increase/decrease in net assets value would result in decrease/increase in fair value by 10%
	3,000	Market approach	Discounts for lack of marketability	15.6%	10% increase/decrease in net assets value would result in increase/decrease in fair value by 10%
	<u>93,000</u>				

45. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. As part of this review, the management considers cost of capital and the risks associated with the issued share capital. The Group may, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The asset-liability ratio as at the end of each Track Record Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	2,567,380	2,365,282	4,311,760
Total liabilities	1,587,113	1,360,346	1,974,336
Asset-liability ratio	<u>61.8%</u>	<u>57.5%</u>	<u>45.8%</u>

46. CONTINGENT LIABILITIES

As of 31 December 2023, 2024 and 2025, the Group did not have any material contingent liabilities.

47. EVENTS AFTER THE REPORTING PERIOD

The Group has evaluated the events after the reporting period through the date of these Historical Financial Information. The Group is not aware of any significant events after the reporting period that would require recognition or disclosure in the Historical Financial Information.

48. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the Companies now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.