

The following is the text of a report set out on pages IB-[●] to IB-[●], 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 OF SUZHOU FEIKONG TAIKE TECHNOLOGY CO., LTD. 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 Suzhou Feikong Taike Technology Co., Ltd. (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages IB-[●] to IB-[●], which comprises the consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 April 2025, the statements of financial position of the Target Company as at 31 December 2022, 2023, and 2024 and 30 April 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the four months ended 30 April 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 IB-[●] to IB-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the RoboTechnik Intelligent Technology Co., Ltd. (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. The Underlying Financial Statements of the Target Group as defined on page [●], on which the Historical Financial Information is based, were prepared by the directors of Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Underlying Financial Statements 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.

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 Target Group's financial position as at 31 December 2022, 2023, 2024 and 30 April 2025, of the Target Company's financial position as at 31 December 2022, 2023, 2024 and 30 April 2025, and of the Target Group's financial performance and cash flows for each of the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and

applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of 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 [IB-4] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Track Record Period.

[●]

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[●]

Practicing Certificate No.: [●]

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ACCOUNTANTS' REPORT OF THE TARGET GROUP

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 Target 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 ("IAASB") (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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Four months ended 30 April	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6	286,681	382,386	504,862	49,886	141,574
Cost of sales		(167,339)	(223,221)	(301,435)	(29,115)	(97,897)
Gross profit		119,342	159,165	203,427	20,771	43,677
Other income	7	7,823	12,078	12,419	3,196	1,581
Other gains/(losses), net	8	(5,141)	48	630	(811)	(2,408)
Selling and marketing expenses		(47,801)	(51,798)	(70,157)	(16,602)	(17,020)
Administrative expenses		(63,828)	(66,471)	(71,247)	(21,014)	(20,346)
Research and development expenses	10	(26,598)	(29,998)	(36,420)	(10,797)	(15,621)
Provision for impairment losses on assets, net	10	(4,906)	(6,734)	(9,415)	(1,892)	(5,304)
Finance costs, net	9	(3,012)	(4,965)	(7,034)	(1,609)	(2,828)
(Loss)/Profit before income tax	10	(24,121)	11,325	22,203	(28,758)	(18,269)
Income tax credit/(expense)	11	114	(1,464)	(1,444)	(257)	(105)
(Loss)/Profit for the year/period		(24,007)	9,861	20,759	(29,015)	(18,374)

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Notes	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Attributable to:					
- Owners of the Target Company	(22,611)	8,996	19,248	(27,028)	(17,094)
- Non-controlling interests	(1,396)	865	1,511	(1,987)	(1,280)
	<u>(24,007)</u>	<u>9,861</u>	<u>20,759</u>	<u>(29,015)</u>	<u>(18,374)</u>
(Loss)/Profit for the year/period	(24,007)	9,861	20,759	(29,015)	(18,374)
Other comprehensive income/(expense), net of tax:					
<i>Item that will be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations, net of tax	21,068	47,599	(40,301)	(25,220)	85,677
Total comprehensive (expense)/income for the year/period:	(2,939)	57,460	(19,542)	(54,235)	67,303
Attributable to:					
- Owners of the Target Company	(1,976)	56,011	(20,566)	(51,976)	67,479
- Non-controlling interests	(963)	1,449	1,024	(2,259)	(176)
	<u>(2,939)</u>	<u>57,460</u>	<u>(19,542)</u>	<u>(54,235)</u>	<u>67,303</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2022	2023	2024	30 April
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	13	16,980	18,575	10,974	10,789
Right-of-use assets	14	22,258	20,158	16,176	16,503
Goodwill	15	741,090	784,650	751,354	821,171
Intangible assets	16	122,902	113,511	92,661	95,389
Deposits, prepayments and other receivables	21	–	–	7,083	8,225
Deferred tax assets	29	275	398	446	497
		<u>903,505</u>	<u>937,292</u>	<u>878,694</u>	<u>952,574</u>
Current assets					
Inventories	18	249,468	215,377	241,531	273,764
Trade receivables	19	38,788	45,910	142,404	116,678
Deposits, prepayments and other receivables	21	16,927	12,775	16,308	16,489
Tax recoverable		6,753	5,108	5,567	7,391
Financial assets at fair value through profit or loss ("FVTPL")	20	9,177	9,717	9,399	10,272
Pledged and restricted bank deposits	22	3,368	3,630	3,522	3,609
Cash and cash equivalents	22	16,019	14,814	30,071	20,241
		<u>340,500</u>	<u>307,331</u>	<u>448,802</u>	<u>448,444</u>

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	Notes	As at 31 December			As at
		2022	2023	2024	30 April
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
Current liabilities					
Trade payables	23	42,785	28,231	85,690	110,070
Other payables and accruals	24	150,478	39,143	26,732	25,331
Contract liabilities	25	217,396	166,082	151,982	132,073
Borrowings	26	42,514	43,639	109,031	121,362
Lease liabilities	28	2,875	3,161	3,189	3,542
Income tax payable		1,112	2,723	1,658	115
		<u>457,160</u>	<u>282,979</u>	<u>378,282</u>	<u>392,493</u>
Net current (liabilities)/assets		(116,660)	24,352	70,520	55,951
Total assets less current liabilities		786,845	961,644	949,214	1,008,525
Non-current liabilities					
Borrowings	26	–	–	10,452	2,285
Deferred income	27	1,626	937	1,453	1,485
Lease liabilities	28	20,272	18,303	14,447	14,590
Deferred tax liabilities	29	3	–	–	–
		<u>21,901</u>	<u>19,240</u>	<u>26,352</u>	<u>18,360</u>
Net assets		764,944	942,404	922,862	990,165
EQUITY					
Share capital	30	890,000	1,010,000	1,010,000	1,010,000
Reserves	31	(134,479)	(78,468)	(99,034)	(31,555)
Equity attributable to owners of the Target					
Company		755,521	931,532	910,966	978,445
Non-controlling interests		9,423	10,872	11,896	11,720
Total equity		764,944	942,404	922,862	990,165

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STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	Notes	As at 31 December			As at
		2022	2023	2024	30 April
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Interests in subsidiaries	17	865,659	988,995	989,747	989,747
Current assets					
Deposits, prepayments and other receivables	21	1,026	1,065	1,065	1,065
Cash and cash equivalents	22	5,524	490	16	9
		<u>6,550</u>	<u>1,555</u>	<u>1,081</u>	<u>1,074</u>
Current liabilities					
Other payables and accruals	24	10	–	511	516
Net current assets		<u>6,540</u>	<u>1,555</u>	<u>570</u>	<u>558</u>
Total assets less current liabilities/ Net assets					
		<u>872,199</u>	<u>990,550</u>	<u>990,317</u>	<u>990,305</u>
EQUITY					
Share capital	30	890,000	1,010,000	1,010,000	1,010,000
Reserves	31	(17,801)	(19,450)	(19,683)	(19,695)
Total equity		<u>872,199</u>	<u>990,550</u>	<u>990,317</u>	<u>990,305</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Translation reserve	Retained earnings		
	RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022	850,000	4,907	(57,240)	(80,170)	717,497	727,883
Loss for the year	-	-	-	(22,611)	(22,611)	(24,007)
Other comprehensive income for the year	-	-	20,635	-	20,635	21,068
Total comprehensive expense for the year	-	-	20,635	(22,611)	(1,976)	(2,939)
Transaction with owners:						
Capital injection from a shareholder	40,000	-	-	-	40,000	40,000
Balance at 31 December 2022 and 1 January 2023	890,000	4,907	(36,605)	(102,781)	755,521	764,944
Profit for the year	-	-	-	8,996	8,996	9,861
Other comprehensive income for the year	-	-	47,015	-	47,015	47,599
Total comprehensive income for the year	-	-	47,015	8,996	56,011	57,460
Transactions with owner:						
Capital injection from shareholders	120,000	-	-	-	120,000	120,000
Balance at 31 December 2023 and 1 January 2024	1,010,000	4,907	10,410	(93,785)	931,532	942,404

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	Attributable to owners of the Target Company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Translation reserve	Retained earnings		
	RMB’000 (Note 30)	RMB’000 (Note 31)	RMB’000 (Note 31)	RMB’000	RMB’000	RMB’000
Profit for the year	-	-	-	19,248	19,248	1,511
Other comprehensive expense for the year	-	-	(39,814)	-	(39,814)	(487)
Total comprehensive expense for the year	-	-	(39,814)	19,248	(20,566)	1,024
Balance at 31 December 2024	1,010,000	4,907	(29,404)	(74,537)	910,966	11,896
Balance at 1 January 2024	1,010,000	4,907	10,410	(93,785)	931,532	10,872
Loss for the period	-	-	-	(27,028)	(27,028)	(1,987)
Other comprehensive expense for the period	-	-	(24,948)	-	(24,948)	(272)
Total comprehensive expense for the period	-	-	(24,948)	(27,028)	(51,976)	(2,259)

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	Attributable to owners of the Target Company				Non-controlling interests	Total equity
	Share capital	Capital reserve	Translation reserve	Retained earnings		
	RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000
Balance at 30 April 2024 (unaudited)	1,010,000	4,907	(14,538)	(120,813)	879,556	888,169
Balance at 1 January 2025	1,010,000	4,907	(29,404)	(74,537)	910,966	922,862
Loss for the period	-	-	-	(17,094)	(17,094)	(18,374)
Other comprehensive income for the period	-	-	84,573	-	84,573	85,677
Total comprehensive income for the period	-	-	84,573	(17,094)	67,479	67,303
Balance at 30 April 2025	1,010,000	4,907	55,169	(91,631)	978,445	990,165

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ACCOUNTANTS' REPORT OF THE TARGET GROUP

(E) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities					
Proceeds from sales of goods	295,841	333,758	413,907	99,849	148,542
Refund of other tax and surcharges	12,388	19,833	20,168	7,578	7,216
Cash received related to other operating activities	–	1,220	24	–	–
Interest income from bank balances	129	131	47	2	3
Proceeds from other income	5,704	8,587	12,670	5,635	1,435
Cash paid for material and services	(149,140)	(163,582)	(265,248)	(86,062)	(87,347)
Cash paid for salaries	(93,483)	(114,106)	(118,170)	(40,181)	(39,783)
Income tax and other taxes paid	(11,954)	(3,270)	(11,250)	(4,318)	(1,926)
Cash paid for office operations, travel and business hospitality	(20,958)	(14,631)	(18,879)	(7,162)	(8,055)
Cash paid for research and development expense	(1,171)	(3,233)	(3,491)	(1,464)	(488)
Cash paid for intermediary service fees	(11,927)	(7,786)	(7,086)	(1,114)	(2,935)
Cash paid for sales commissions	(17,351)	(14,737)	(35,484)	(9,264)	(6,361)
Cash paid for advertising and promotion expense	(3,728)	(6,483)	(5,556)	(2,888)	(2,947)
Cash paid related to other operating activities	(14,198)	(16,863)	(22,777)	(5,503)	(7,639)
Net cash (used in)/generated from operating activities	(9,848)	18,838	(41,125)	(44,892)	(285)

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	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment and intangible assets	-	127	1,159	715	-
Proceeds from investment income	57	53	239	-	-
Advances from related parties	-	4,008	-	-	-
Purchase of property, plant and equipment and intangible assets	(5,691)	(8,883)	(10,678)	(732)	(118)
Settlement of payable for acquisition of additional interest in a subsidiary in previous year	(70,721)	(121,442)	-	-	-
Cash outflow from advance from related parties	-	(4,000)	-	-	-
Net cash used in investing activities	(76,355)	(130,137)	(9,280)	(17)	(118)
Cash flows from financing activities					
Capital injection from shareholders	40,000	120,000	-	-	-
Proceeds from borrowings	40,505	42,436	129,436	85,942	50,667
Proceeds from other financing activities	-	13,974	600	500	-
Repayment of borrowings	(35,240)	(43,771)	(49,839)	(42,854)	(57,338)
Interest paid	(2,119)	(3,854)	(5,920)	(1,088)	(2,378)
Payments for lease liabilities	(4,071)	(4,808)	(4,917)	(1,452)	(1,363)
Payments for other financing activities	-	(12,457)	(3,178)	(1,633)	-
Net cash generated from/(used in) financing activities	39,075	111,520	66,182	39,415	(10,412)
Net (decrease)/increase in cash and cash equivalents	(47,128)	221	15,777	(5,494)	(10,815)
Cash and cash equivalents at the beginning of the year/period	67,380	16,019	14,814	14,814	30,071
Effect of foreign exchange rate changes	(4,233)	(1,426)	(520)	(685)	985
Cash and cash equivalents at the end of the year/period	16,019	14,814	30,071	8,635	20,241

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ACCOUNTANTS' REPORT OF THE TARGET GROUP

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Suzhou Feikong Taike Technology Co., Ltd. # 蘇州斐控泰克技術有限公司 (the "Target Company") and its subsidiaries (together, the "Target Group") is principally engaged in the research and development, manufacturing and sales of SiPh equipment, optoelectronic and photonic components, including micro-optical products and laser devices, and testing equipment, etc. The Target Company is a limited liability company incorporated in the People's Republic of China (the "PRC") on 19 August 2019. The addresses of the registered office and the principal place of business of the Target Company is 8 Weizheng Road, Suzhou Industrial Park.

Particulars of the Target Company's subsidiaries as at 31 December 2022, 2023 and 2024 and 30 April 2025 and the date of this report are as follows:

Name of subsidiary	Place/country of establishment/ incorporation	Registered capital	Equity interest attributable to owners of the Target Company as at												Principal activities				
			2022				2023				2024					30 April 2025			
			Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	Direct (%)	Indirect (%)					
ficonTEC Service (Thailand) Co. Ltd. ("FSG Thailand")	Thailand	Thai Baht ("THB") 3,000,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Sales and service		
ficonTEC USA, Inc.	The United States	United States dollar ("USD") 10,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Sales and service		
ficonTEC Ireland Limited	Ireland	Euro ("EUR") 100	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Research and development		
ficonTEC, Inc.	The United States	USD 100,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Sales and service		
ficonTEC Automation GmbH ("FAG")	Germany	EUR 25,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Production and sales		
Luxembourg Investment Company 312 Sàrl	Luxembourg	EUR 12,000	100%	-	100%	-	-	100%	-	-	100%	-	-	100%	-	-	Investment		
MicroXtechnik Investment GmbH	Germany	EUR 25,000	-	100%	-	100%	-	100%	-	100%	-	100%	-	100%	-	100%	Investment		
ficonTEC Service GmbH ("FSG")	Germany	EUR 500,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Production and sales		
Fekong Weizu Commerce (Shanghai) Co., Ltd. (飛空微組貿易(上海)有限公司)	The PRC	RMB 1,000,000	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Sales		
ficonTEC Eesti OÜ	Estonia	EUR 2,500	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	-	*93.03%	Production and sales		
ficonTEST GmbH	Germany	EUR 25,000	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	N/A**	Production and sale		

* The non-controlling interest of this non-wholly owned subsidiary is considered to be insignificant to the Target 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.

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

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2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with 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 Target Group in the preparation of the Historical Financial Information throughout the Track Record Period and the four months ended 30 April 2024. The early adoption of the IFRS Accounting Standards do not have significant impact on the financial positions or results of the Target Group during the Track Record Period and the four months ended 30 April 2024.

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 Target Company and its subsidiaries for the Track Record Period and the four months ended 30 April 2024.

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when the Target 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 Target Group has power over the entity, only substantive rights relating to the entity (held by the Target Group and others) are considered.

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

Intra-Target Group transactions, balances and unrealized gains and losses on transactions between Target Group companies are eliminated in preparing the Historical Financial Information. Where unrealized losses on sales of intra-Target Group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Target 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 Target Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Target Company, and in respect of which the Target Group has not agreed any additional terms with the holders of those interests which would result in the Target 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 Target 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 Target Company. Non-controlling interests in the results of the Target 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/period between non-controlling interests and the owners of the Target Company.

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

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The results of subsidiaries are accounted for by the Target 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 Target Company's profit or loss.

3.2 Foreign currency translation

Items included in the consolidated financial statements of each of the Target 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 Target 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.

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 Target 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.

3.3 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 Target 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 follow:

Machinery and equipment	3 – 10 years
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.

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3.4 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 Target 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 Target 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.

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 (see Note 3.17).

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.

3.5 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	5 – 10 years
Software and others	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 3.17.

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 Target 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.

3.6 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Target 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.

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
- fair value through other comprehensive income ("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" except for expected credit losses ("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 Target Group's trade receivables, deposits and other receivables, pledged and restricted bank deposits and cash and cash equivalents fall into this category of financial assets.

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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.

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 Target 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 Target 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 Target Group's financial liabilities include trade 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 3.11.

Trade payables and other payables and accruals

Trade 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 Target 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 Target 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 Target Group is required to comply with after the Track Record Period do not affect the classification.

3.7 Impairment of financial 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 receivables.

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The Target 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**").

"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

For trade receivables, the Target 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 Target Group has 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 have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortized cost

The Target Group measures the loss allowance for deposits and other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target 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 Target 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 Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in 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 Target 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 fulfill its contractual cash flow obligations.

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For internal credit risk management, the Target 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 Target Group, in full.

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortized cost are set out in Note 36.2.

Credit-impaired financial assets

At the end of each Track Record Period, the Target 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.

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 Target 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.

3.8 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.

3.9 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.

3.10 Contract liabilities

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

3.11 Leases

Definition of a lease and the Target Group as a lessee

At inception of a contract, the Target 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 Target Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contains 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 Target Group;
- the Target 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

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- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Target 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 Target 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 Target 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 Target Group is reasonably certain to obtain ownership at the end of the lease term. The Target Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Target 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 Target 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 Target Group and payment of penalties for terminating a lease, if the lease term reflects the Target 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 Target 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 Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of 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 Target 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, right-of-use assets have been presented in separated line item.

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 Target Group as a lessor

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

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3.12 Provisions

Provisions are recognized when the Target 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.

3.13 Share capital

Share capital is 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.

3.14 Revenue recognition and other contract costs

Revenue arises mainly from the sales of Silicon Photonics ("SiPh") assembly and testing equipment, as well as sales of other equipment and the provision of technical services.

To determine whether to recognize revenue, the Target 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 Target 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 Target Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method.

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

Revenue from sales of goods

Revenue from sale of goods between the Target 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 SiPh assembly and testing equipment, and 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 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.

Rental income

Accounting policies for rental income are set out in Note 3.11.

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Other contract cost

Incremental cost of obtaining a contract is capitalized if the Target 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 Target 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.

3.15 Interest income

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

3.16 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 Target 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.

3.17 Impairment of non-financial assets

Goodwill, property, plant and equipment, right-of-use assets, intangible assets, interests in associates and the Target Company's interests in subsidiaries are subject to impairment testing. Goodwill and 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 Target 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 Target 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 Target Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

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.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favorable 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.

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. 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.

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3.18 Employee benefits

Retirement benefit

The Target Group contributes to defined contribution retirement plans which are available to eligible employees. Contributions to the plans by the Target 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 Target Group to the funds. The Target Group's contributions to the defined contribution retirement plans are expensed as incurred.

Housing funds, medical insurances and other social insurances

Employees of the Target Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Target Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Target 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/period 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 Target Group can no longer withdraw the offer of those benefits and when it recognizes costs for any related restructuring.

3.19 Borrowing costs

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

3.20 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/period. 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 Target 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.

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For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Target 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 Target 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.

The Target 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.

3.21 Segment reporting

The Target 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 Target Group's business components for their review of the performance of those components.

3.22 Related parties

For the purpose of the Historical Financial Information, a party is considered to be related to the Target 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 Target Group;
 - (ii) has significant influence over the Target Group; or
 - (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

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- (b) the party is an entity and if any of the following conditions applies:
- (i) the entity and the Target Group are members of the same Target 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 Target Group of which the other entity is a member).
 - (iii) the entity and the Target 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 Target Group or an entity related to the Target 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 Target Group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target 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 Target 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 or after 1 January 2025 throughout the Track Record Period and the four months ended 30 April 2024.

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 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".

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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 Target Company are currently working to identify all the impacts of IFRS 18, particularly with respect to the structure of the Target 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 Target Group, but has impact on the presentation and disclosure of the Target Group's financial statements. The Target Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as "other".

The directors of the Target Company anticipate that all of the new and amended IFRS Accounting Standards will be adopted in the Target 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 Target Group's results of operations and financial position.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 draft 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 Target Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.17, 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 Target 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 Target 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 Target Group.

Details of the estimates of the recoverable amounts of CGUs containing goodwill are disclosed in Note 15.

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Estimation of impairment of trade receivables and deposits and other receivables

The Target Group makes allowances on items subjects to ECL (including trade receivables and deposits and other receivables) based on assumptions about risk of default and expected loss rates. The Target Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in Note 3.7.

As at 31 December 2022, 2023 and 2024 and 30 April 2025, the aggregate carrying amounts of trade receivables, deposits and other receivables amounted to RMB40,735,000, RMB46,630,000, RMB143,612,000 and RMB118,000,000, net of loss allowance of RMB6,688,000, RMB6,661,000, RMB12,546,000 and RMB17,296,000 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 amount of trade receivables and deposits and other receivables, 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 Target Group reassesses the estimation at the end of each Track Record Period. During the Track Record Period and the four months ended 30 April 2024, the provision for inventories, amounting to RMB3,502,000, RMB7,082,000, RMB3,195,000, RMB1,765,000 and RMB1,961,000 (unaudited) have been recognized as expense respectively.

6. REVENUE AND SEGMENT INFORMATION

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

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Disaggregation of revenue from contracts with customers					
SiPh Assembly equipment	228,538	306,345	426,087	39,233	124,898
SiPh Testing equipment.....	18,617	34,446	18,743	–	3,757
Technical service and others.....	39,526	41,595	60,032	10,653	12,919
	286,681	382,386	504,862	49,886	141,574

Timing of revenue recognition

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

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At a point in time	277,651	376,826	501,319	49,886	141,574
Over time	9,030	5,560	3,543	–	–
	286,681	382,386	504,862	49,886	141,574

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Segment information

The Target Group’s principal activities are disclosed in Note 1 to the Historical Financial Information. This operating segment has been identified on the basis of internal management reports reviewed by the CODM, being the executive directors of the Target Company. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Target Company regard that there is only one segment which is used to make strategic decisions.

Geographical information

The following tables set out information about the geographical location of (i) the Target Group’s revenue from external customers and (ii) the Target Group’s property, plant and equipment, right-of-use assets, intangible assets 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 and right-of-use assets and the location of the operations to which they are allocated in the case of intangible assets and goodwill.

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Revenue from external customers					
Chinese Mainland.....	54,821	66,410	52,742	4,730	42,400
Thailand	74,005	86,633	96,357	626	65,144
The United States	39,004	61,406	45,035	11,119	13,647
Israel	3,608	11,403	47,162	4,673	5,674
Germany	46,287	60,145	155,066	12,641	2,682
Other countries/regions	68,956	96,389	108,500	16,097	12,027
	286,681	382,386	504,862	49,886	141,574

	As at 31 December			As at 30 April	
	2022	2023	2024	2025	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Specified non-current assets					
Chinese Mainland	1,972	2,299	1,555	1,381	
Germany	887,461	919,549	861,440	934,316	
Estonia	13,768	15,002	7,952	7,937	
Other countries/regions	29	44	218	218	
	903,230	936,894	871,165	943,852	

Information about major customers

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

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7. OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants (<i>note</i>)	7,670	9,338	12,095	3,045	1,527
Net realized and unrealized loss on financial assets	57	61	145	97	–
Refund of tax	–	2,305	–	–	–
Rental income	–	54	161	54	54
Sundry income	96	320	18	–	–
	7,823	12,078	12,419	3,196	1,581

Note: 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.

8. OTHER GAINS/(LOSSES), NET

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net foreign exchange loss	(5,141)	(53)	(302)	(871)	(2,373)
Net gains on disposal/written-off of property, plant and equipment	–	127	957	55	–
Others	–	(26)	(25)	5	(35)
	(5,141)	48	630	(811)	(2,408)

9. FINANCE COSTS, NET

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs					
Interest expenses on bank borrowings	2,135	4,011	6,120	1,270	2,547
Interest expenses on lease liabilities	1,006	1,085	961	341	284
	3,141	5,096	7,081	1,611	2,831
Finance income					
Interest income from bank balances	(129)	(131)	(47)	(2)	(3)
Net finance cost	3,012	4,965	7,034	1,609	2,828

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10. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Staff costs					
Salaries, wages and other benefits	70,756	87,671	110,299	21,739	29,372
Retirement benefit scheme contributions (note (i))	11,393	14,158	17,418	4,127	4,876
	82,149	101,829	127,717	25,866	34,248
Depreciation and amortization, Depreciation of property, plant and equipment	4,917	4,866	4,495	1,687	1,120
Depreciation of right-of-use assets	2,819	3,313	3,328	1,118	1,105
Amortization of intangible assets	17,032	16,576	16,560	5,521	5,496
Total depreciation and amortization	24,768	24,755	24,383	8,326	7,721
Research and development expenses:					
– Amortization and depreciation	1,513	1,385	1,205	273	262
– Staff cost	19,884	20,919	24,652	8,037	8,803
– Material cost	4,030	4,461	7,073	624	4,131
– Others	1,171	3,233	3,490	1,863	2,425
Total research and development expenses .	26,598	29,998	36,420	10,797	15,621
Cost of inventories recognized as an expense (note (ii))	158,357	215,820	292,105	27,212	92,335
Provision for impairment losses on assets, net					
– Trade receivables	1,314	(130)	6,168	(69)	3,529
– Other receivables	90	(218)	52	–	10
– Inventories	3,502	7,082	3,195	1,961	1,765
Total provision, net	4,906	6,734	9,415	1,892	5,304
Auditor's remuneration	513	439	413	157	153
Short-term lease charge	1,749	3,060	4,026	1,202	1,268

Notes:

- (i) During the Track Record Period and the four months ended 30 April 2024, no forfeited contributions were utilized by the Target Group to reduce its contributions. The Target Group has no plan to utilize any amount from forfeited contributions to reduce its contributions for the future years either.

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- (ii) During the year ended 31 December 2022, 2023 and 2024 and four months ended 30 April 2024 and 2025, the cost of inventories included RMB41,093,000, RMB53,064,000, RMB77,785,000, RMB5,709,000 (unaudited), RMB18,067,000, 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 (CREDIT)/EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Current – Overseas					
– Charge for the year/period	-	1,309	982	-	9
– Under-provision in prior years/periods	-	262	528	288	105
	-	1,571	1,510	288	114
Deferred tax credit	(114)	(107)	(66)	(31)	(9)
	(114)	1,464	1,444	257	105

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 and four months ended 30 April 2024.

Corporate income tax in other jurisdictions income tax on profit arising from other jurisdictions, including the United States, Europe 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 (loss)/profit before income tax can be reconciled as follows:

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
(Loss)/Profit before income tax	(24,121)	11,325	22,203	(28,758)	(18,269)
Tax at the PRC enterprise income tax rate of 25%	(6,030)	2,831	5,551	(7,190)	(4,567)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	4,882	5,482	6,313	139	7
Tax effect of expenses not deductible	53	5	-	-	-
Utilization of previously unrecognized tax losses/deductible temporary differences	(3,952)	(8,875)	(13,364)	(332)	(1,512)
Tax effect of unrecognized deductible temporary differences	5,027	2,052	2,723	7,352	6,072
Under-provision in respect of prior year/period	-	262	528	288	105
Others	(94)	(293)	(307)	-	-
	(114)	1,464	1,444	257	105
Income tax (credit)/expense	(114)	1,464	1,444	257	105

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12. DIVIDENDS

No dividends have been paid or declared by the Target Company during the Track Record Period and the four months ended 30 April 2024.

13. PROPERTY, PLANT AND EQUIPMENT

	<u>Machinery and equipment</u>	<u>Motor Vehicle</u>	<u>CIP</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022				
Cost	36,411	1,557	-	37,968
Accumulated depreciation	(18,279)	(1,101)	-	(19,380)
Net carrying amount	18,132	456	-	18,588
Year ended 31 December 2022				
Opening net carrying amount	18,132	456	-	18,588
Additions	2,750	184	-	2,934
Depreciation	(4,679)	(238)	-	(4,917)
Exchange adjustments	365	10	-	375
Closing net carrying amount	16,568	412	-	16,980
At 31 December 2022 and 1 January 2023				
Cost	40,186	1,691	-	41,877
Accumulated depreciation	(23,618)	(1,279)	-	(24,897)
Net carrying amount	16,568	412	-	16,980
Year ended 31 December 2023				
Opening net carrying amount	16,568	412	-	16,980
Additions	7,129	822	-	7,951
Disposals/Written-off	(2,395)	-	-	(2,395)
Depreciation	(4,614)	(252)	-	(4,866)
Exchange adjustments	889	16	-	905
Closing net carrying amount	17,577	998	-	18,575
At 31 December 2023 and 1 January 2024				
Cost	46,299	2,351	-	48,650
Accumulated depreciation	(28,722)	(1,353)	-	(30,075)
Net carrying amount	17,577	998	-	18,575

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	Machinery and equipment	Motor Vehicle	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Opening net carrying amount	17,577	998	-	18,575
Additions	1,218	138	103	1,459
Disposals/Written-off	(4,043)	-	-	(4,043)
Depreciation	(4,258)	(237)	-	(4,495)
Exchange adjustments	(511)	(11)	-	(522)
Closing net carrying amount	9,983	888	103	10,974
As at 31 December 2024 and 1 January 2025				
Cost	40,633	2,096	103	42,832
Accumulated depreciation	(30,650)	(1,208)	-	(31,858)
Net carrying amount	9,983	888	103	10,974
Four months ended 30 April 2025				
Opening net carrying amount	9,983	888	103	10,974
Additions	118	-	-	118
Depreciation	(1,044)	(76)	-	(1,120)
Exchange adjustments	794	23	-	817
Transfer from CIP	103	-	(103)	-
Closing net carrying amount	9,954	835	-	10,789
At 30 April 2025				
Cost	44,277	2,214	-	46,491
Accumulated depreciation	(34,323)	(1,379)	-	(35,702)
Net carrying amount	9,954	835	-	10,789

14. RIGHT-OF-USE ASSETS

	Leasehold properties
	RMB'000
At 1 January 2022	
Cost	24,147
Accumulated depreciation	(2,818)
Net carrying amount	21,329

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	Leasehold properties
	RMB'000
Year ended 31 December 2022	
Opening net carrying amount	21,329
Additions	3,132
Exchange adjustments	616
Depreciation	<u>(2,819)</u>
Closing net carrying amount	<u>22,258</u>
At 31 December 2022 and 1 January 2023	
Cost	28,107
Accumulated depreciation	<u>(5,849)</u>
Net carrying amount	<u>22,258</u>
Year ended 31 December 2023	
Opening net carrying amount	22,258
Exchange adjustments	1,213
Depreciation	<u>(3,313)</u>
Closing net carrying amount	<u>20,158</u>
At 31 December 2023 and 1 January 2024	
Cost	29,534
Accumulated depreciation	<u>(9,376)</u>
Net carrying amount	<u>20,158</u>
Year ended 31 December 2024	
Opening net carrying amount	20,158
Lease modification	118
Exchange adjustments	(772)
Depreciation	<u>(3,328)</u>
Closing net carrying amount	<u>16,176</u>
As at 31 December 2024 and 1 January 2025	
Cost	28,396
Accumulated depreciation	<u>(12,220)</u>
Net carrying amount	<u>16,176</u>

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	Leasehold properties
	RMB'000
Four months ended 30 April 2025	
Opening net carrying amount	16,176
Exchange realignment	1,432
Depreciation	<u>(1,105)</u>
Closing net carrying amount	<u>16,503</u>
At 30 April 2025	
Cost	31,034
Accumulated depreciation	<u>(14,531)</u>
Net carrying amount	<u>16,503</u>

During the Track Record Period and the four months ended 30 April 2024, the Target Group leased various properties for its operations. Lease contracts are entered into for fixed term of 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 Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. GOODWILL

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

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	720,803	741,090	784,650	751,354
Exchange adjustments	<u>20,287</u>	<u>43,560</u>	<u>(33,296)</u>	<u>69,817</u>
Carrying amount at the end of the year/period	<u>741,090</u>	<u>784,650</u>	<u>751,354</u>	<u>821,171</u>

Goodwill is allocated to the Target 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			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
FAG and FSG	<u>741,090</u>	<u>784,650</u>	<u>751,354</u>	<u>821,171</u>

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 Target Group based on the EV/S Multiples of comparable companies with similar business nature and operations as the CGU.

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The following table sets forth each key multiples and marketability discount rate which management has used to undertake impairment testing of goodwill:

	As at 31 December			As at
	2022	2023	2024	30 April
Average EV/S Multiples	3.30x	5.12x	5.38x	4.53x
Marketability discount rate	18%	17%	14%	15%

Other key estimation included the cost of disposal based on estimation by the management of the Target 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 2022, 2023, 2024 and 30 April 2025, the recoverable amounts exceeded the carrying amounts by RMB56,770,000, RMB1,003,106,000, RMB1,788,835,000 and RMB1,176,148,000, respectively. No impairment loss was recognized during the Track Record Period and the four months ended 30 April 2024.

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.

16. INTANGIBLE ASSETS

	Non-patented technologies	Software and others	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022			
Cost	150,891	6,267	157,158
Accumulated amortization	(17,604)	(4,893)	(22,497)
Net carrying amount	133,287	1,374	134,661
Year ended 31 December 2022			
Opening net carrying amounts	133,287	1,374	134,661
Additions	–	1,057	1,057
Amortization	(15,945)	(1,087)	(17,032)
Exchange realignment	4,183	33	4,216
Closing net carrying amount	121,525	1,377	122,902
At 31 December 2022 and 1 January 2023			
Cost	155,139	7,546	162,685
Accumulated amortization	(33,614)	(6,169)	(39,783)
Net carrying amount	121,525	1,377	122,902
Year ended 31 December 2023			
Opening net carrying amount	121,525	1,377	122,902
Additions	–	435	435
Amortization	(15,974)	(602)	(16,576)
Exchange realignment	6,691	59	6,750
Closing net carrying amount	112,242	1,269	113,511

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	Non-patented technologies	Software and others	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024			
Cost	164,257	8,417	172,674
Accumulated amortization	(52,015)	(7,148)	(59,163)
Net carrying amount	112,242	1,269	113,511
Year ended 31 December 2024			
Opening net carrying amount	112,242	1,269	113,511
Additions	–	82	82
Amortization	(16,145)	(415)	(16,560)
Exchange realignment	(4,346)	(26)	(4,372)
Closing net carrying amount	91,751	910	92,661
As at 31 December 2024 and 1 January 2025			
Cost	157,287	8,163	165,450
Accumulated amortization	(65,536)	(7,253)	(72,789)
Net carrying amount	91,751	910	92,661
Four months ended 30 April 2025			
Opening net carrying amount	91,751	910	92,661
Amortization	(5,388)	(108)	(5,496)
Exchange realignment	8,184	40	8,224
Closing net carrying amount	94,547	842	95,389
At 30 April 2025			
Cost	171,903	8,871	180,774
Accumulated amortization	(77,356)	(8,029)	(85,385)
Net carrying amount	94,547	842	95,389

17. INTERESTS IN SUBSIDIARIES

The Target Company

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	865,659	988,995	989,747	989,747

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

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18. INVENTORIES

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	44,073	46,589	41,318	50,967
Work in progress	113,119	137,731	128,833	155,728
Finished goods	104,698	43,242	77,675	72,932
	261,890	227,562	247,826	279,627
Less: provision for impairment	(12,422)	(12,185)	(6,295)	(5,863)
	249,468	215,377	241,531	273,764

Certain inventories with a net carrying amount of approximately RMBNil, RMB40,406,000, RMB32,933,000 and RMB206,365,000 as at 31 December 2022, 2023, 2024 and 30 April 2025, respectively, were pledged as security for the Target Group's borrowings, details are disclosed in Notes 26 and 32 to the Historical Financial Information.

Movements in the provision for inventories of the Target Group:

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	13,814	12,422	12,185	6,295
Provision of impairment	3,502	7,082	3,195	1,765
Reversed upon sales of inventories	(5,199)	(8,022)	(8,710)	(2,721)
Exchange adjustments.....	305	703	(375)	524
At the end of the year/period	12,422	12,185	6,295	5,863

19. TRADE RECEIVABLES

The Target Group

	Notes	As at 31 December			As at 30 April
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	(a)				
– Third parties		41,178	52,210	154,607	132,134
– Related parties		3,974	243	178	1,654
		45,152	52,453	154,785	133,788
Less: ECL allowance of trade receivables		(6,364)	(6,543)	(12,381)	(17,110)
		38,788	45,910	142,404	116,678

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The Target Group usually provides customer with a credit term ranging from 30 to 90 days. The directors of the Target Group consider that the fair values of trade 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.

Certain trade receivables with a net carrying amount of approximately RMBNil, RMB56,353,000, RMB177,740,000 and RMB156,055,000 as at 31 December 2022, 2023, 2024 and 30 April 2025, respectively were pledged as security for the Target Group's borrowings, details are disclosed in Notes 26 and 32 to the Historical Financial Information.

(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 Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	31,854	43,221	131,785	35,113
1-2 years	4,621	1,593	9,349	76,433
2-3 years	1,693	643	1,032	4,580
Over 3 years	620	453	238	552
	38,788	45,910	142,404	116,678

The Target 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 Target Group performs ECL assessments collectively. 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 Target 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.

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

	As at 31 December 2022		
	Gross carrying amount	ECL allowance	ECL rate
	RMB'000	RMB'000	
Collectively assessed			
Within 1 year	33,530	(1,677)	5%
1-2 years	5,135	(513)	10%
2-3 years	2,419	(726)	30%
Over 3 years	4,068	(3,448)	85%
	45,152	(6,364)	14%

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As at 31 December 2023			
	Gross carrying amount	ECL allowance	ECL rate
	RMB'000	RMB'000	
Collectively assessed			
Within 1 year	45,496	(2,275)	5%
1-2 years	1,771	(177)	10%
2-3 years	918	(276)	30%
Over 3 years	4,268	(3,815)	89%
	52,453	(6,543)	12%

As at 31 December 2024			
	Gross carrying amount	ECL allowance	ECL rate
	RMB'000	RMB'000	
Collectively assessed			
Within 1 year	138,721	(6,936)	5%
1-2 years	10,388	(1,039)	10%
2-3 years	1,474	(442)	30%
Over 3 years	4,202	(3,964)	94%
	154,785	(12,381)	8%

As at 30 April 2025			
	Gross carrying amount	ECL allowance	ECL rate
	RMB'000	RMB'000	
Collectively assessed			
Within 1 year	36,960	(1,848)	5%
1-2 years	84,926	(8,493)	10%
2-3 years	6,544	(1,963)	30%
Over 3 years	5,358	(4,806)	90%
	133,788	(17,110)	13%

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

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/period	4,806	6,364	6,543	12,381
ECL allowance recognized/(reversed)	1,314	(130)	6,168	3,529
Exchange difference	244	309	(330)	1,200
Balance at the end of the year/period	6,364	6,543	12,381	17,110

20. FINANCIAL ASSETS AT FVTPL

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	RMB'000
Fund investment	9,177	9,717	9,399	10,272

The fair value of the Target Group's investment in the unlisted equity securities have been measured as described in Note 36.7.

Notes:

- (a) As at 31 December 2022, 2023, 2024 and 30 April 2025, the amount represents investment in series of funds. The funds are managed by several fund management companies which mainly registered in Germany. The Target Group is not subject to any lock up period for holding the equity interest of the funds.
- (b) Certain financial assets at FVTPL of the Target Group with a net carrying amount of EUR1,236,000 (equivalent to RMB9,177,000 and RMB9,717,000 as at 31 December 2022 and 2023 respectively), EUR1,249,000 (equivalent to RMB9,399,000 as at 31 December 2024) and EUR 895,000 (equivalent to RMB7,363,000 as at 30 April 2025) were pledged as security for borrowings of the Target Group, details are disclosed in Notes 26 and 32 to the Historical Financial Information.

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21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Other receivables:				
– Security deposits	296	164	291	236
– Other receivables	1,975	674	1,082	1,272
	2,271	838	1,373	1,508
Less: ECL allowance of other receivables	(324)	(118)	(165)	(186)
	1,947	720	1,208	1,322
Prepayments:				
– Third parties	5,479	7,486	8,860	10,375
– Controlled by a shareholder of FSG and FAG	–	–	443	2,270
	5,479	7,486	9,303	12,645
Deposits paid for acquisition of property, plant and equipment:				
– Controlled by a shareholder of FSG and FAG	–	–	7,083	8,225
Value-added tax recoverable	9,501	4,569	5,797	2,522
	16,927	12,775	23,391	24,714
<i>Representing:</i>				
– Current	16,927	12,775	16,308	16,489
– Non-current	–	–	7,083	8,225

The Target Company

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Value-added tax recoverable	1,026	1,065	1,065	1,065
<i>Representing:</i>				
– Current	1,026	1,065	1,065	1,065

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

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

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
Balance at the beginning of the year/period	221	324	118	165
ECL allowance recognized/(reversed)	90	(218)	52	10
Exchange alignment	13	12	(5)	11
Balance at the end of the year/period	324	118	165	186

22. CASH AND CASH EQUIVALENT

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
Cash at banks and on hand	16,019	14,814	30,071	20,241
Restricted bank deposits	3,158	3,344	3,202	3,500
Pledged deposits	210	286	320	109
	19,387	18,444	33,593	23,850
Less: Pledged and restricted bank deposits	(3,368)	(3,630)	(3,522)	(3,609)
Cash and cash equivalents	16,019	14,814	30,071	20,241

The Target Company

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
Cash and cash equivalents	5,524	490	16	9

The Target Group's restricted bank deposits consist primarily of restricted bank balances placed to banks as guarantee. All restricted bank balances are placed in major financial institutions in segregated accounts.

Pledged bank deposits of the Target Group with a net carrying amount of approximately RMB210,000, RMB286,000, RMB320,000 and RMB109,000 as at 31 December 2022, 2023, 2024 and 30 April 2025, respectively were pledged as security for borrowings granted to the Target Group, details are disclosed in Notes 26 and 32 to the Historical Financial Information.

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23. TRADE PAYABLES

	<i>Notes</i>	As at 31 December			As at
		2022	2023	2024	30 April
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
Trade payables	(a)				
- Controlled by the shareholder of FSG and FAG		1,034	2,723	1,724	927
- A shareholder holding the Target Group as an associate		-	-	42,535	75,628
- Third parties		41,751	25,508	41,431	33,515
		<u>42,785</u>	<u>28,231</u>	<u>85,690</u>	<u>110,070</u>

(a) Trade payables

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

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	42,777	27,683	84,908	109,597
Between 1 year and 2 years	8	548	461	381
Over 2 years	-	-	321	92
	<u>42,785</u>	<u>28,231</u>	<u>85,690</u>	<u>110,070</u>

24. OTHER PAYABLES AND ACCRUALS

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Payables for acquisition of property, plant and equipment	546	1,013	-	-
Accrued staff salaries and benefits	4,588	4,850	4,070	2,909
VAT and other taxes payables	7,145	7,601	4,049	5,436
Accrued sales commissions	4,676	8,615	11,928	7,177
Other accrued charges and payables	6,438	5,955	5,541	8,385
	<u>23,393</u>	<u>28,034</u>	<u>25,588</u>	<u>23,907</u>
Amounts due to related companies (<i>note</i>)	127,085	11,109	1,144	1,424
	<u>150,478</u>	<u>39,143</u>	<u>26,732</u>	<u>25,331</u>
<i>Representing:</i>				
Current	150,478	39,143	26,732	25,331
	<u>150,478</u>	<u>39,143</u>	<u>26,732</u>	<u>25,331</u>

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The Target Company

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
VAT and other taxes payables	10	-	-	-
Amounts due to subsidiaries (<i>note</i>)	-	-	511	516
	10	-	511	516

Note: The amounts due are unsecured, interest-free and repayable on demand.

25. CONTRACT LIABILITIES

	As at 31 December			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods				
- Third parties	216,202	126,657	122,424	132,023
- Related parties	1,194	39,425	29,558	50
	217,396	166,082	151,982	132,073

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

As at 1 January 2022, 2023, 2024 and 2025, the Target Group's contract liabilities of RMB118,035,000, RMB165,750,000, RMB125,473,000 and RMB68,981,000 were recognized as revenue during the years ended 31 December 2022, 2023 and 2024 and the four months ended 30 April 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			As at 30 April
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year.....	360,893	297,255	301,818	288,496
More than one year	100,372	63,409	30,489	55,657
	461,265	360,664	332,307	344,153

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26. BORROWINGS

The Target Group

	Notes	As at 31 December			As at
		2022	2023	2024	30 April
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Pledged borrowings	(c)	7,185	7,436	7,347	7,724
Pledged and mortgaged borrowings	(d)	–	–	–	33,591
Guaranteed, pledged and mortgaged borrowings.....	(d)	–	36,203	29,289	–
Guaranteed and pledged borrowings.....	(d)	35,329	–	–	–
Guaranteed borrowings	(e)	–	–	82,847	82,332
		42,514	43,639	119,483	123,647
Carrying amounts repayable					
<i>(note (a))</i>					
In the first year		42,514	43,639	109,031	121,362
In the second year		–	–	10,452	2,285
		42,514	43,639	119,483	123,647
Less: Amounts due within one year shown under current liabilities ..		(42,514)	(43,639)	(109,031)	(121,362)
Amount shown under non-current liabilities		–	–	10,452	2,285

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

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Fixed-rate borrowings	–	–	82,847	82,332
Variable-rate borrowings	42,514	43,639	36,636	41,315
	42,514	43,639	119,483	123,647

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

	As at 31 December			As at
	2022	2023	2024	30 April
				2025
Fixed-rate borrowings	–	–	3.7% to 6.3%	5.5% to 6.3%
Variable-rate borrowings	4.9% to 7.8%	4.9% to 7.8%	4.9% to 7.8%	4.9% to 7.8%

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Notes:

- (a) The amounts are based on the scheduled repayment dates set out in the loan agreements.
- (b) Bank’s credit facilities amounted to RMB24,292,000, RMB27,094,000, RMB33,114,000 and RMB42,311,000 had not been utilized as at 31 December 2022, 2023 and 2024 and 30 April 2025 respectively.
- (c) As at 31 December 2022, 2023, 2024 and 30 April 2025, the Target Group had the following pledged assets to obtain the borrowings:

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Pledged financial assets at FVTPL	6,552	6,937	6,737	7,363
Pledged deposits.....	62	96	109	109
	6,614	7,033	6,846	7,472

For details, please refer to Notes 20 and 22 to the Historical Financial Information.

- (d) As at 31 December 2022, 2023, 2024 and 30 April 2025, the Target Group had the following mortgaged and pledged assets with personal guarantee to obtain the borrowings:

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB’000	RMB’000	RMB’000	2025
				RMB’000
Mortgaged trade receivables	–	56,353	177,740	156,055
Pledged financial assets at FVTPL (amounted to EUR354,000)	2,625	2,780	2,662	–
Pledged deposits	148	190	211	–
Pledged inventory	–	40,406	32,933	206,365
Guarantee of Mr. Torsten Vahrenkamp, director of FSG and FAG (amounted to EUR350,000)	2,598	2,750	2,634	–
Guarantee offered by Mr. Matthias Trinker, Chief Financial Officer (“CFO”) of FSG and FAG (amounted to EUR350,000)	2,598	2,750	2,634	–
	7,969	105,229	218,814	362,420

For details, please refer to Notes 18, 19, 20 and 22 to the Historical Financial Information.

- (e) The amounts were guaranteed by Suzhou Yuanjiesheng Enterprise Management Consulting Co., Ltd.# (“Yuanjiesheng”) 蘇州元頡昇企業管理諮詢有限公司, a related company, under two guarantee contracts with guaranteed amount of RMB50,000,000 and EUR6,000,000 (equivalent to RMB45,154,000 and RMB49,350,000) as at 31 December 2024 and 30 April 2025 respectively.

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.

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

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27. DEFERRED INCOME

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	3,594	1,626	937	1,453
Addition	236	2,471	6,063	1,432
Credited to profit or loss	(2,206)	(3,234)	(5,493)	(1,527)
Exchange differences	2	74	(54)	127
At the end of the year/period	1,626	937	1,453	1,485

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.

28. LEASE LIABILITIES

The Target Group

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	RMB'000
Total minimum lease payments:				
– Due within one year	3,929	4,124	3,966	4,334
– Due in the second to fifth years	16,224	17,177	15,456	15,192
– Due after the fifth years	7,164	3,462	468	768
	27,317	24,763	19,890	20,294
Less: Future finance charges on lease liabilities	(4,170)	(3,299)	(2,254)	(2,162)
Present value of lease liabilities	23,147	21,464	17,636	18,132
Present value of minimum lease payments:				
– Due within one year	2,875	3,161	3,189	3,542
– Due in the second to fifth years	13,450	14,951	13,989	13,848
– Due after the fifth years	6,822	3,352	458	742
	23,147	21,464	17,636	18,132
Less: Portion due within one year included under current liabilities	(2,875)	(3,161)	(3,189)	(3,542)
Portion due after one year included under non-current liabilities	20,272	18,303	14,447	14,590

The total cash outflows for the leases (including short-term leases) were amounted to RMB5,273,000, RMB7,184,000, RMB7,992,000, RMB2,524,000 (unaudited) and RMB2,713,000 for the years ended 31 December 2022, 2023 and 2024 and the four months ended 30 April 2024 and 2025, respectively.

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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 2022: 3 31 December 2023, 2024, 30 April 2025: 2	31 December 2022: 0.5 to 9 years 31 December 2023: 6 to 8 years 31 December 2024: 5 to 7 years 30 April 2025: 4.5 to 6.5 years	Only subject to monthly fixed rental payment

29. DEFERRED TAX ASSETS/(LIABILITIES)

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.

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
Deferred tax assets	275	398	446	497
Deferred tax liabilities	(3)	–	–	–
	<u>272</u>	<u>398</u>	<u>446</u>	<u>497</u>

The movements in the deferred tax assets during the Track Record Period and its components as at 31 December 2022, 2023 and 2024 and 30 April 2025 were as follows:

	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	(6,504)	6,653	149
Recognized in profit or loss	118	(1)	117
Exchange difference	(403)	412	9
At 31 December 2022 and 1 January 2023	(6,789)	7,064	275
Recognized in profit or loss	427	(323)	104
Exchange difference	208	(189)	19
At 31 December 2023 and 1 January 2024	(6,154)	6,552	398
Recognized in profit or loss	131	(65)	66
Exchange difference	1,086	(1,104)	(18)
At 31 December 2024 and 1 January 2025	(4,937)	5,383	446
Recognized in profit or loss	44	(35)	9
Exchange difference	(145)	187	42
At 30 April 2025	(5,038)	5,535	497

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The movements in the deferred tax liabilities during the Track Record Period and its components as at 31 December 2022, 2023 and 2024 and 30 April 2025 were as follows:

	Lease liabilities
	RMB'000
At 1 January 2022	–
Recognized in profit or loss	3
At 31 December 2022 and 1 January 2023	3
Recognized in profit or loss	(3)
At 31 December 2023, 2024 and 30 April 2025	–

As at the end of each Track Record Period, the Target Group had estimated unrecognized tax losses of RMB26,969,000, RMB35,079,000, RMB42,938,000, and RMB48,003,000, respectively, to carry forward against future taxable income. Pursuant to the relevant laws and regulations in the PRC, the estimated unrecognized tax losses at the end of each Track Record Period will expire in the following years:

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Expiry year:				
2024	1,542	1,542	–	–
2025	13,391	13,391	13,391	13,391
2026	4,676	4,676	4,676	4,676
2027	7,360	7,360	7,360	7,360
2028	–	8,110	8,110	8,110
2029 and beyond	–	–	9,401	14,466
	<u>26,969</u>	<u>35,079</u>	<u>42,938</u>	<u>48,003</u>

As at 31 December 2022, 2023, 2024 and 30 April 2025, the Target Group has deductible temporary differences of approximately RMB19,110,000, RMB18,846,000, RMB18,841,000 and RMB23,159,000, 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.

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30. 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 2022	850,000,000	850,000
Capital injection from a shareholder (<i>note (a)</i>)	40,000,000	40,000
At 31 December 2022 and 1 January 2023	890,000,000	890,000
Capital injection from shareholders (<i>note (b)</i>)	120,000,000	120,000
At 31 December 2023, 31 December 2024 and 30 April 2025	1,010,000,000	1,010,000

Notes:

- (a) During the Annual General Meeting held on 13 August 2021, one of the shareholders agreed to transfer the unpaid shares of 40,000,000 to another shareholder. The Target Group received the payment of RMB40,000,000 in December 2022.
- (b) During the Annual General Meeting held on 21 April 2023, all the shareholders agreed to increase the total share capital from RMB890,000,000 to RMB1,010,000,000. The Target Group received the payment of RMB120,000,000 in April 2023.

31. RESERVES

The Target Group

During the Track Record Period and the four months ended 30 April 2024, the amounts of the Target 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 Target Company over its par value.

(b) Translation reserve

The translation reserve includes all foreign exchange differences arising from translating the financial statements of foreign operations.

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The Target Company

The movement of the Target Company's reserves during the Track Record Period and the four months ended 30 April 2024 are as follows:

	<u>Retained earnings</u>
	RMB'000
At 1 January 2022	(15,085)
Loss for the year	<u>(2,716)</u>
At 31 December 2022 and 1 January 2023	(17,801)
Loss for the year	<u>(1,649)</u>
At 31 December 2023 and 1 January 2024	(19,450)
Loss for the year	<u>(233)</u>
At 31 December 2024	<u><u>(19,683)</u></u>
At 1 January 2024	(19,450)
Loss for the period	<u>(216)</u>
At 30 April 2024 (unaudited).....	<u><u>(19,666)</u></u>
At 1 January 2025	(19,683)
Loss for the period	<u>(12)</u>
At 30 April 2025	<u><u>(19,695)</u></u>

32. MORTGAGE AND PLEDGE OF ASSETS

The following assets have been mortgaged/pledged to various banks for securing the Target Group's banking facilities at the end of each Track Record Period:

	<u>As at 31 December</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>30 April</u>
	RMB'000	RMB'000	RMB'000	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Pledged inventory (note 18)	–	40,406	32,933	206,365
Mortgaged trade receivables (note 19)	–	56,353	177,740	156,055
Pledged financial assets at FVTPL (note 20)	9,177	9,717	9,399	7,363
Pledged deposits (note 22)	210	286	320	109
Restricted bank deposits as guarantee (note 22)	3,158	3,344	3,202	3,500
Total	<u><u>12,545</u></u>	<u><u>110,106</u></u>	<u><u>223,594</u></u>	<u><u>373,392</u></u>

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33. CAPITAL COMMITMENTS

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			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	674	1,447	1,524	1,636

34. RELATED PARTY TRANSACTIONS

The following transactions and balances were carried out between the Target Group and its related parties during the Track Record Period and the four months ended 30 April 2024. In the opinion of the Target Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Target Group and the respective related parties.

(a) Names and relationships with related parties

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

Name of related parties	Relationship with the Target Group
RoboTechnik Intelligent Technology Co., Ltd. ("RoboTechnik")# 羅博特科智能科技股份有限公司	A shareholder holding the Target Group as an associate
FSG	A significant subsidiary of the Target Group
FAG	A subsidiary of the Target Group
Yuanjiesheng	Parent company of RoboTechnik
ELAS Technologie Investment GmbH ("ELAS")	Minority shareholder of FSG and FAG
Ludwig Feinmechanik und Maschinenbau GmbH	Controlled by ELAS
OTS Service GmbH	Controlled by ELAS
Vanguard Automation GmbH	An associate of ELAS prior to the disposal of interest in an associate in April 2024
Weytronik GmbH	Controlled by ELAS
MaTo Immo GmbH	Controlled by ELAS
Matthias Trinker	CFO, key management personnel of FSG and FAG
Torsten Vahrenkamp	Director, key management personnel of FSG and FAG
Dai Jun	Director, key management personnel of FSG and FAG

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

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

	Year ended 31 December			Four months ended 30 April	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of goods and services					
A shareholder holding the Target Group as					
an associate	4,112	809	28,058	2,267	32,097
An associate of ELAS	4,942	6,229	233	233	990
	<u>9,054</u>	<u>7,038</u>	<u>28,291</u>	<u>2,500</u>	<u>33,087</u>
Purchases of goods and services					
Controlled by ELAS	5,850	3,881	4,382	2,074	4,723
A shareholder holding the Target Group as					
an associate	–	811	52,704	–	20,503
An associate of ELAS	400	–	–	–	–
Director of FSG and FAG	6,436	7,337	7,416	2,470	2,475
	<u>12,686</u>	<u>12,029</u>	<u>64,502</u>	<u>4,544</u>	<u>27,701</u>
Interest expenses on lease liabilities					
Controlled by ELAS	976	930	807	284	239

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(c) **Balances with related parties**

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade receivables				
Controlled by ELAS	1,655	229	164	173
Minority shareholder of FSG and FAG	203	5	7	8
An associate of ELAS	530	9	–	–
A shareholder holding the Target Group as an associate	1,586	–	7	1,473
Prepayments, deposits and other assets				
Controlled by ELAS	–	–	7,526	10,495
	3,974	243	7,704	12,149
Trade payables				
A shareholder holding the Target Group as an associate	–	–	42,535	75,628
Controlled by ELAS	1,034	2,723	1,724	927
Contract liabilities				
A shareholder holding the Target Group as an associate	–	39,425	29,463	50
Controlled by ELAS	–	–	95	–
An associate of ELAS	1,194	–	–	–
Other payables and accrued expenses				
An associate of ELAS	227	–	–	–
A shareholder holding the Target Group as an associate	–	–	–	560
Controlled by ELAS	24	7	26	–
Minority shareholder of FSG and FAG	126,834	11,102	607	348
Parent company of RoboTechnik	–	–	511	516
	129,313	53,257	74,961	78,029

Lease liability from a related company

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Lessor				
Controlled by ELAS	19,873	18,345	14,855	15,215

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

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The remaining receivable balances of RMBNil, RMBNil, RMB7,526,000 and RMB10,495,000 as at 31 December 2022, 2023, 2024 and 30 April 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 RMB21,591,000, RMB20,209,000, RMB15,685,000 and RMB16,079,000 as at 31 December 2022, 2023, 2024 and 30 April 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 related parties

	As at 31 December			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Guarantor				
Parent company of RoboTechnik	-	-	95,154	99,350
Key management personnel of FSG and FAG	5,196	5,500	5,268	-

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.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

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.

	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	35,975	21,813	57,788
Cash flows			
- Proceeds from borrowings	40,505	-	40,505
- Repayment of borrowings	(35,240)	-	(35,240)
- Payment of lease liabilities	-	(3,065)	(3,065)
- Interest paid	(2,119)	-	(2,119)
- Interest expenses on lease liabilities	-	(1,006)	(1,006)
Non-cash transactions			
- Entering into new lease	-	3,132	3,132
- Exchange realignment	1,258	1,267	2,525
- Interest expenses on bank borrowings	2,135	-	2,135
- Interest expenses on lease liabilities	-	1,006	1,006

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	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
At 31 December 2022 and 1 January 2023	42,514	23,147	65,661
Cash flows			
– Proceeds from borrowings	42,436	–	42,436
– Repayment of borrowings	(43,771)	–	(43,771)
– Payment of lease liabilities	–	(3,723)	(3,723)
– Interest paid	(3,854)	–	(3,854)
– Interest expenses on lease liabilities	–	(1,085)	(1,085)
Non-cash transactions			
– Exchange realignment	2,303	2,040	4,343
– Interest expenses on bank borrowings	4,011	–	4,011
– Interest expenses on lease liabilities	–	1,085	1,085
At 31 December 2023 and 1 January 2024	43,639	21,464	65,103
Cash flows			
– Proceeds from borrowings	129,436	–	129,436
– Repayment of borrowings	(49,839)	–	(49,839)
– Payment of lease liabilities	–	(3,956)	(3,956)
– Interest paid	(5,920)	–	(5,920)
– Interest expenses on lease liabilities	–	(961)	(961)
Non-cash transactions			
– Lease modification	–	118	118
– Exchange realignment	(3,953)	10	(3,943)
– Interest expenses on bank borrowings	6,120	–	6,120
– Interest expenses on lease liabilities	–	961	961
At 31 December 2024 and 1 January 2025	119,483	17,636	137,119
Cash flows			
– Proceeds from borrowings	50,667	–	50,667
– Repayment of borrowings	(57,338)	–	(57,338)
– Payment of lease liabilities	–	(1,079)	(1,079)
– Interest paid	(2,378)	–	(2,378)
– Interest expenses on lease liabilities	–	(284)	(284)
Non-cash transactions			
– Exchange realignment	10,666	1,575	12,241
– Interest expenses on bank borrowings	2,547	–	2,547
– Interest expenses on lease liabilities	–	284	284
At 30 April 2025	123,647	18,132	141,779

36. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Target 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 Target Group's overall risk management strategy seeks to minimize potential adverse effects on the Target Group's financial performance. Risk management is carried out by the senior management of the Target Group and approved by the board of directors.

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

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36.1 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			As at
	2022	2023	2024	30 April
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial assets				
<u>Financial assets at amortized cost</u>				
Trade receivables	38,788	45,910	142,404	116,678
Other receivables	1,947	720	1,208	1,322
Pledged deposits and restricted bank deposits	3,368	3,630	3,522	3,609
Cash and cash equivalents	16,019	14,814	30,071	20,241
	<u>60,122</u>	<u>65,074</u>	<u>177,205</u>	<u>141,850</u>
Financial assets at FVTPL	9,177	9,717	9,399	10,272
	<u>69,299</u>	<u>74,791</u>	<u>186,604</u>	<u>152,122</u>
Financial liabilities				
<u>Financial liabilities at amortized cost</u>				
Trade payables	42,785	28,231	85,690	110,070
Other payables and accruals	12,429	17,756	17,823	16,365
Borrowings	42,514	43,639	119,483	123,647
Lease liabilities	23,147	21,464	17,636	18,132
	<u>120,875</u>	<u>111,090</u>	<u>240,632</u>	<u>268,214</u>

36.2 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 Target Group. The Target 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 Target Group's maximum exposure to credit risk for the components of the consolidated statements of financial position at 31 December 2022, 2023 and 2024 and 30 April 2025 is the carrying amount as disclosed in Note 36.1.

(i) Trade receivables

The Target 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 Target Group's policy to request collateral from its customers.

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The management reviews the recoverable amount of each individual debt at the end of each of Track Record Period to ensure that adequate impairment loss allowance is made for irrecoverable amounts on trade receivables. The remaining trade receivables are grouped and collectively assessed for impairment. 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 of Track Record Period that is reasonable and supportable available without undue costs or effort.

As at 31 December 2022, 2023, 2024 and 30 April 2025, in terms of gross carrying amounts, 8.4%, 1.6%, 3.8% and 3.6% of the total trade receivables was due from the Target Group's largest customer, and 23.2%, 27.2%, 35.2% and 6.2% of the total trade receivables were due from the Target Group's top five customers.

The Target Group has applied the IFRS 9 simplified approach to measuring ECL which uses a lifetime ECL for all trade receivables. The Target Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is based on provision matrix, as appropriate, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses. Information based on the collective basis is disclosed in Note 19.

(ii) *Other receivables and other financial asset at amortized cost*

Other receivables are collectively assessed for impairment. The management makes periodic assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. We use the aging of other receivables to assess the impairment which is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

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 Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification.

	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 2022					
Trade receivables	-	-	-	45,152	45,152
Other receivables	1,984	81	206	-	2,271
Pledged and restricted bank deposits .	3,368	-	-	-	3,368
Cash and cash equivalents	16,019	-	-	-	16,019
	21,371	81	206	45,152	66,810
At 31 December 2023					
Trade receivables	-	-	-	52,453	52,453
Other receivables	682	90	66	-	838
Pledged and restricted bank deposits .	3,630	-	-	-	3,630
Cash and cash equivalents	14,814	-	-	-	14,814
	19,126	90	66	52,453	71,735

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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 receivables	-	-	-	154,785	154,785
Other receivables	1,207	103	63	-	1,373
Pledged and restricted bank deposits .	3,522	-	-	-	3,522
Cash and cash equivalents	30,071	-	-	-	30,071
	34,800	103	63	154,785	189,751
At 30 April 2025					
Trade receivables	-	-	-	133,788	133,788
Other receivables	1,320	117	71	-	1,508
Pledged and restricted bank deposits .	3,609	-	-	-	3,609
Cash and cash equivalents	20,241	-	-	-	20,241
	25,170	117	71	133,788	159,146

36.3 Interest rate risk

The Target 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 Target Group to cash flow interest rate risk and fair value interest rate risk respectively. The Target Group's interest-bearing financial instruments at variable rates as at 31 December 2022, 2023 and 2024 and 30 April 2025 are primarily the cash at bank and variable rate bank borrowings and the cash flow interest rate risk arising from the change of market interest rate.

The Target 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						At 30 April	
	2022		2023		2024		2025	
	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000	Effective interest rate	RMB'000
Bank deposits	0.0% to 0.3%	19,387	0.0% to 0.3%	18,444	0.0% to 0.2%	33,593	0.0% to 0.2%	23,850
Bank borrowings	4.9% to 7.8%	(42,514)	4.9% to 7.8%	(43,639)	4.9% to 7.8%	(36,636)	4.9% to 7.8%	(41,315)
Net exposure		(23,127)		(25,195)		(3,043)		(17,465)

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

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	Increase/ (decrease) in basis points	(Decrease)/ Increase in (loss)/profit after tax for the year/period RMB'000	(Decrease)/ Increase in accumulated losses RMB'000
At 31 December 2022			
Basis points	100	(154)	(154)
Basis points	(100)	154	154
	<u>100</u>	<u>(154)</u>	<u>(154)</u>
At 31 December 2023			
Basis points	100	(165)	(165)
Basis points	(100)	165	165
	<u>100</u>	<u>(165)</u>	<u>(165)</u>
At 31 December 2024			
Basis points	100	(13)	(13)
Basis points	(100)	13	13
	<u>100</u>	<u>(13)</u>	<u>(13)</u>
At 30 April 2025			
Basis points	100	(117)	(117)
Basis points	(100)	117	117
	<u>100</u>	<u>(117)</u>	<u>(117)</u>

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

36.4 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 Target 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 is primarily USD and RMB.

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

	Assets RMB'000	Liabilities RMB'000	Net exposure RMB'000
As at 31 December 2022			
- USD	389	-	389
	<u>389</u>	<u>-</u>	<u>389</u>
As at 31 December 2023			
- USD	444	-	444
	<u>444</u>	<u>-</u>	<u>444</u>
As at 31 December 2024			
- USD	7,615	-	7,615
- RMB	29	(2,000)	(1,971)
	<u>7,644</u>	<u>(2,000)</u>	<u>5,644</u>

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	<u>Assets</u>	<u>Liabilities</u>	<u>Net exposure</u>
	RMB'000	RMB'000	RMB'000
As at 30 April 2025			
– USD	4,057	–	4,057
– RMB	19	–	19
– Others	197	–	197
	<u> </u>	<u> </u>	<u> </u>

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

As at 31 December 2022, it is estimated that the effect on the Target Group's loss after tax (and accumulated losses) would be RMB14,000 higher and RMB14,000 lower for a general depreciation or appreciation of 5% on USD against RMB with all other variables held constant.

As at 31 December 2023, it is estimated that the Target Group's profit after tax and accumulated losses would be RMB16,000 lower and RMB16,000 higher for a general depreciation or appreciation of 5% on USD against RMB with all other variables held constant.

As at 31 December 2024, it is estimated that the Target Group's profit after tax and accumulated losses would be RMB267,000 lower and RMB267,000 higher for a general depreciation or appreciation of 5% on USD against RMB with all other variables held constant.

As at 30 April 2025, it is estimated that the effect on the Target Group's loss after tax (and accumulated losses) would be RMB142,000 higher and RMB142,000 lower for a general depreciation or appreciation of 5% on USD against RMB with all other variables held constant.

The Target Group does not hedge its foreign currency risk. However, management monitors the foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

36.5 Equity price risk

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

36.6 Liquidity risk

Liquidity risk relates to the risk that the Target 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 Target 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 Target 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 Target 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 Target Group is committed to pay.

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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 2022					
Trade payables	42,785	–	–	42,785	42,785
Other payables and accruals	12,429	–	–	12,429	12,429
Borrowings	42,514	–	–	42,514	42,514
Lease liabilities	3,929	16,224	7,164	27,317	23,147
	101,657	16,224	7,164	125,045	120,875
As at 31 December 2023					
Trade payables	28,231	–	–	28,231	28,231
Other payables and accruals	17,756	–	–	17,756	17,756
Borrowings	43,639	–	–	43,639	43,639
Lease liabilities	4,124	17,177	3,462	24,763	21,464
	93,750	17,177	3,462	114,389	111,090
As at 31 December 2024					
Trade payables	85,690	–	–	85,690	85,690
Other payables and accruals	17,823	–	–	17,823	17,823
Borrowings	110,989	10,705	–	121,694	119,483
Lease liabilities	3,966	15,456	468	19,890	17,636
	218,468	26,161	468	245,097	240,632
As at 30 April 2025					
Trade payables	110,070	–	–	110,070	110,070
Other payables and accruals	16,365	–	–	16,365	16,365
Borrowings	122,391	2,293	–	124,684	123,647
Lease liabilities	4,334	15,192	768	20,294	18,132
	253,160	17,485	768	271,413	268,214

36.7 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.

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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:

	<u>Level 2</u>
	RMB'000
As at 31 December 2022	
<u>Financial assets at FVTPL</u>	
- Funds investment	9,177
	<u><u>9,177</u></u>
As at 31 December 2023	
<u>Financial assets at FVTPL</u>	
- Funds investment	9,717
	<u><u>9,717</u></u>
As at 31 December 2024	
<u>Financial assets at FVTPL</u>	
- Funds investment	9,399
	<u><u>9,399</u></u>
As at 30 April 2025	
<u>Financial assets at FVTPL</u>	
- Funds investment	10,272
	<u><u>10,272</u></u>

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the Track Record Period. The Target 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.

36.8 Fair values of financial instruments

Financial assets and liabilities carried at amortized cost

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

Financial assets measured at FVTPL

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

37. CAPITAL MANAGEMENT

The Target Group's capital management objectives are to ensure the Target 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 Target 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 Target 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:

	<u>As at 31 December</u>			<u>As at</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>30 April</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	1,244,005	1,244,623	1,327,496	1,401,018
Total liabilities	479,061	302,219	404,634	410,853
Asset-liability ratio	38.5%	24.3%	30.5%	29.3%
	<u><u>38.5%</u></u>	<u><u>24.3%</u></u>	<u><u>30.5%</u></u>	<u><u>29.3%</u></u>

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38. CONTINGENT LIABILITIES

As of 31 December 2022, 2023 and 2024 and 30 April 2025, the Target Group did not have any material contingent liabilities.

39. EVENTS AFTER THE REPORTING PERIOD

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

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of the Companies now comprising the Target Group in respect of any period subsequent to 30 April 2025 and up to the date of this report.