

*The following is the text of a report set out on pages I-[●] to I-[●], received from the Company’s reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [document]. It is prepared and addressed to the directors of the Company and to the [Sole Sponsor] pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.*

*[Letterhead of BDO Limited]*

**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JIANGSU XINQUAN AUTOMOTIVE TRIM CO., LTD AND CITIC SECURITIES (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of Jiangsu Xinquan Automotive Trim Co., Ltd (the “Company”) and its subsidiaries (together the “Group”) set out on pages I-4 to I-[●], which comprises the consolidated statements of financial position of the Group and the statement of financial position of the Company as of 31 December 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for each of the years ended 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting Accountants’ Responsibility**

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

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

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

### Opinion

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

### Review of stub period historical financial information

We have reviewed the stub period historical financial information of the Group which comprises the consolidated statement of financial position as at 30 September 2025, the statement of financial position of the Company as at 30 September 2025 and 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 nine months ended 30 September 2024 and 2025 and other explanatory information (together the “**Stub Period Historical Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Historical Financial Information in accordance with the basis of preparation set out in notes 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Historical 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*”. 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 Historical Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 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 and the Stub Period Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

**Dividends**

We refer to note [●] to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the years ended 31 December 2023 and 2024 and nine months ended 30 September 2025.

**BDO Limited**

*Certified Public Accountants*

[●]

Practising Certificate no. P[●]

Hong Kong

Date

**I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

**Preparation of Historical Financial Information**

Set out below is the historical financial information as at 31 December 2023 and 2024 and 30 September 2025 and for each of the periods then ended (the “Track Record Period”) Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the year ended 31 December 2024 and 2025, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“IAASB”) (“Underlying Financial Statements”).

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

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Years ended 31 December		Nine months ended 30 September	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue . . . . .	6	10,547,742	13,198,250	9,563,212	11,363,998
Cost of revenue . . . . .	9	(8,557,776)	(10,648,997)	(7,740,989)	(9,432,828)
<b>Gross profit . . . . .</b>		<b>1,989,966</b>	<b>2,549,253</b>	<b>1,822,223</b>	<b>1,931,170</b>
Other income . . . . .	7	40,128	144,740	78,100	105,420
Other gains/(losses), net . . . . .	8	29,438	(52,002)	(56,138)	36,779
Impairment losses under expected credit loss model, net of reversal . . . . .		(61,748)	(51,230)	(21,878)	(10,663)
Selling expenses . . . . .	9	(68,683)	(79,155)	(67,179)	(72,796)
General and administrative expenses . . . . .	9	(452,327)	(691,197)	(442,499)	(647,293)
Research and development costs . . . . .	9	(457,147)	(548,684)	(404,081)	(503,193)
Other expenses . . . . .	9	(62,105)	(87,485)	(57,634)	(76,052)
<b>Operating profit . . . . .</b>		<b>957,522</b>	<b>1,184,240</b>	<b>850,914</b>	<b>763,372</b>
Finance income . . . . .	10	11,858	13,354	9,615	9,213
Finance costs . . . . .	10	(55,608)	(91,386)	(70,754)	(87,548)
Finance costs – net . . . . .		(43,750)	(78,032)	(61,139)	(78,335)
<b>Profit before income taxes . . . . .</b>		<b>913,772</b>	<b>1,106,208</b>	<b>789,775</b>	<b>685,037</b>
Income tax expenses . . . . .	12	(108,717)	(132,463)	(105,339)	(71,529)
<b>Profit for the year/period . . . . .</b>		<b>805,055</b>	<b>973,745</b>	<b>684,436</b>	<b>613,508</b>
<b>Other comprehensive income for the year/period</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising from translation of foreign operations . . . . .		29,561	(179,942)	(126,466)	162,801
<b>Total comprehensive income for the year/period . . . . .</b>		<b>834,616</b>	<b>793,803</b>	<b>557,970</b>	<b>776,309</b>
<b>Profit attributable to:</b>					
Owners of the Company . . . . .		805,532	976,636	686,945	622,600
Non-controlling interests . . . . .		(477)	(2,891)	(2,509)	(9,092)
		<u>805,055</u>	<u>973,745</u>	<u>684,436</u>	<u>613,508</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company . . . . .		836,098	794,250	555,716	783,398
Non-controlling interests . . . . .		(1,482)	(447)	2,254	(7,089)
		<u>834,616</u>	<u>793,803</u>	<u>557,970</u>	<u>776,309</u>
<b>Earnings per share (expressed in RMB per share)</b>					
Basic . . . . .	15	1.65	2.00	1.41	1.27
Diluted . . . . .	15	1.65	2.00	1.41	1.27

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**ACCOUNTANTS’ REPORT**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<i>Notes</i>	<b>As at 31 December</b>		<b>As at</b>
				<b>30 September</b>
		<b>2023</b>	<b>2024</b>	<b>2025</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>
<b>Non-current assets</b>				
Property, plant and equipment				
(“PPE”) . . . . .	18	3,578,527	4,671,902	5,197,837
Right-of-use assets (“ROU”) . . . . .	20	414,165	441,235	733,851
Investment property . . . . .		3,077	2,898	2,763
Goodwill . . . . .	16	–	–	133,780
Intangible assets . . . . .	19	13,914	18,529	15,658
Deferred tax assets . . . . .	21	50,504	66,873	60,779
Prepayment and other receivables . . . . .	24	221,379	405,650	481,997
Interest in an associate . . . . .		6,252	7,463	6,079
Trade receivables . . . . .	23	37,891	54,043	49,669
Financial assets at fair value through profit or loss (“FVPL”) . . . . .	22	12,464	12,395	12,278
<b>Total non-current assets</b> . . . . .		<u>4,338,173</u>	<u>5,680,988</u>	<u>6,694,691</u>
<b>Current assets</b>				
Inventories . . . . .	26	2,475,192	2,709,879	2,830,716
Trade and bills receivables . . . . .	23	3,112,152	3,803,120	4,046,145
Prepayment other receivables . . . . .	24	731,357	738,776	862,236
Financial assets at fair value through other comprehensive income (“FVOCI”) . . . . .	22	1,374,700	1,458,555	2,011,846
Restricted cash and cash equivalents . . . . .	25	224,389	195,415	210,229
Cash and cash equivalents . . . . .	25	1,191,203	1,325,516	749,361
<b>Total current assets</b> . . . . .		<u>9,108,993</u>	<u>10,231,261</u>	<u>10,710,533</u>
<b>Total assets</b> . . . . .		<u>13,447,166</u>	<u>15,912,249</u>	<u>17,405,224</u>
<b>Current liabilities</b>				
Trade and bills payables . . . . .	27	5,670,120	6,804,420	7,148,077
Contract liabilities . . . . .	29	114,504	98,186	140,403
Other payable and accruals . . . . .	28	378,915	435,885	300,367
Borrowings . . . . .	32	689,489	753,944	861,903
Lease liabilities . . . . .	20	19,876	20,411	25,076
<b>Total current liabilities</b> . . . . .		<u>6,872,904</u>	<u>8,112,846</u>	<u>8,475,826</u>
<b>Net current assets</b> . . . . .		<u>2,236,089</u>	<u>2,118,415</u>	<u>2,234,707</u>
<b>Total assets less current liabilities</b> . . . . .		<u>6,574,262</u>	<u>7,799,403</u>	<u>8,929,398</u>

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	<i>Notes</i>	<b>As at 31 December</b>		<b>As at</b>
		<b>2023</b>	<b>2024</b>	<b>30 September</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(Unaudited)</i>
<b>Non-current liabilities</b>				
Borrowings . . . . .	32	468,288	911,628	1,226,918
Convertible bond . . . . .	31	976,784	1,017,892	847,077
Lease liabilities . . . . .	20	36,877	62,162	209,520
Deferred tax liabilities . . . . .	21	1,443	71	6,488
Deferred income . . . . .	30	84,479	132,088	121,902
Other payables and accruals . . . . .	28	788	22,265	91,377
<b>Total non-current liabilities . . . . .</b>		<u>1,568,659</u>	<u>2,146,106</u>	<u>2,503,282</u>
<b>NET ASSETS . . . . .</b>		<u>5,005,603</u>	<u>5,653,297</u>	<u>6,426,116</u>
<b>Capital and reserves</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital . . . . .	33	487,302	487,304	491,681
Retained earnings . . . . .	34	1,948,073	2,739,290	3,215,698
Reserves . . . . .	34	<u>2,522,076</u>	<u>2,378,998</u>	<u>2,666,456</u>
		4,957,451	5,605,592	6,373,835
Non-controlling interests . . . . .		<u>48,152</u>	<u>47,705</u>	<u>52,281</u>
<b>TOTAL EQUITY . . . . .</b>		<u>5,005,603</u>	<u>5,653,297</u>	<u>6,426,116</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital (Note 33)	Capital reserve (Note 34)	Treasury shares	Other equity instruments (Note 34)	Other Comprehensive Income (Note 34)	PRC statutory reserves (Note 34)	Retained earnings (Note 34)	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	487,302	2,108,122	-	-	11,033	149,538	1,323,408	4,079,403	50,137	4,129,540
Comprehensive income										
Profit for the year	-	-	-	-	-	-	805,532	805,532	(477)	805,055
Other comprehensive income	-	-	-	-	30,566	-	-	30,566	(1,005)	29,561
<b>Total comprehensive income for the year</b>	-	-	-	-	30,566	-	805,532	836,098	(1,482)	834,616
<b>Transactions with owners</b>										
Issuance of the convertible bond	-	-	-	188,141	-	-	-	188,141	-	188,141
Profit appropriations to statutory reserve	-	-	-	-	-	34,676	(34,676)	-	-	-
Dividends	-	-	-	-	-	-	(146,191)	(146,191)	(503)	(146,694)
<b>Total transactions with owners in their capacity as owners for the year</b>	-	-	-	188,141	-	34,676	(180,867)	41,950	(503)	41,447
<b>As at 31 December 2023</b>	<u>487,302</u>	<u>2,108,122</u>	<u>-</u>	<u>188,141</u>	<u>41,599</u>	<u>184,214</u>	<u>1,948,073</u>	<u>4,957,451</u>	<u>48,152</u>	<u>5,005,603</u>
As at 1 January 2024	487,302	2,108,122	-	188,141	41,599	184,214	1,948,073	4,957,451	48,152	5,005,603
Comprehensive income										
Profit for the year	-	-	-	-	-	-	976,636	976,636	(2,891)	973,745
Other comprehensive income	-	-	-	-	(182,386)	-	-	(182,386)	2,444	(179,942)
<b>Total comprehensive income for the year</b>	-	-	-	-	(182,386)	-	976,636	794,250	(447)	793,803

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	Share capital (Note 33)	Capital reserve (Note 34)	Treasury shares	Other equity instruments (Note 34)	Other Comprehensive Income (Note 34)	PRC statutory reserves (Note 34)	Retained earnings (Note 34)	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Transactions with owners</b>										
Repurchase of share . . . . .	-	-	119,991	-	-	-	-	119,991	-	119,991
Employee stock ownership plan . . . . .	-	-	(119,991)	-	-	-	-	(119,991)	-	(119,991)
Exercise conversion right of the convertible bond . . . . .										
	2	95	-	(15)	-	-	-	82	-	82
Profit appropriations to statutory reserve . . . . .	-	-	-	-	-	39,228	(39,228)	-	-	-
Dividends . . . . .	-	-	-	-	-	-	(146,191)	(146,191)	-	(146,191)
<b>Total transactions with owners in their capacity as owners for the year . . . . .</b>										
	2	95	-	(15)	-	39,228	(185,419)	(146,109)	-	(146,109)
<b>As at 31 December 2024 . . . . .</b>	487,304	2,108,217	-	188,126	(140,787)	223,442	2,739,290	5,605,592	47,705	5,653,297
<b>As at 1 January 2025 . . . . .</b>	487,304	2,108,217	-	188,126	(140,787)	223,442	2,739,290	5,605,592	47,705	5,653,297
Comprehensive income										
Profit for the period . . . . .	-	-	-	-	-	-	622,599	622,599	(9,092)	613,507
Other comprehensive loss . . . . .	-	-	-	-	160,798	-	-	160,798	2,004	162,802
<b>Total comprehensive income for the period . . . . .</b>	-	-	-	-	160,798	-	622,599	783,397	(7,088)	776,309

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	Share capital (Note 33)	Capital reserve (Note 34)	Treasury shares	Other equity instruments (Note 34)	Other Comprehensive Income (Note 34)	PRC statutory reserves (Note 34)	Retained earnings (Note 34)	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Transactions with owners</b>										
Exercise conversion right of the convertible bond . . . . .	4,377	231,688	-	(36,028)	-	-	-	200,037	-	200,037
Transaction with non-controlling interest (note 37) . . . . .	-	(69,000)	-	-	-	-	-	(69,000)	-	(69,000)
Acquired through business combination (note 37) . . . . .	-	-	-	-	-	-	-	-	11,664	11,664
Dividends . . . . .	-	-	-	-	-	-	(146,191)	(146,191)	-	(146,191)
<b>Total transactions with owners in their capacity as owners for the year . . . . .</b>	<b>4,377</b>	<b>162,688</b>	<b>-</b>	<b>(36,028)</b>	<b>-</b>	<b>-</b>	<b>(146,191)</b>	<b>(15,154)</b>	<b>11,664</b>	<b>(3,490)</b>
<b>As at 30 September 2025 . . . . .</b>	<b>491,681</b>	<b>2,270,905</b>	<b>-</b>	<b>152,098</b>	<b>20,011</b>	<b>223,442</b>	<b>3,215,698</b>	<b>6,373,835</b>	<b>52,281</b>	<b>6,426,116</b>

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**ACCOUNTANTS’ REPORT**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(Unaudited)</i>	<i>RMB’000</i> <i>(Unaudited)</i>
<b>Profit before tax</b> . . . . .	913,772	1,106,208	789,775	685,037
Adjustment for				
Interest income . . . . .	(11,858)	(13,354)	(9,615)	(9,213)
Impairment losses under ECL model, net of reversal . . . . .	61,748	51,230	21,878	10,662
Inventory write-down . . . . .	1,083	5,276	2,956	2,785
Depreciation of property, plant and equipment . . . . .	262,434	331,547	237,830	348,644
Depreciation of right-of-use assets . . . . .	27,800	32,667	15,004	33,058
Amortisation of intangible assets . . . . .	5,557	5,556	10,301	7,333
Leasehold depreciation . . . . .	33,270	45,439	33,701	43,653
Loss on disposal of property, plant and equipment . . . . .	9,137	(495)	(532)	(1,289)
Loss on property, plant and equipment wastage . . . . .	787	802	699	99
Change in fair value . . . . .	974	69	169	117
Finance costs . . . . .	55,608	91,386	70,754	87,548
Share of (gain)/loss from equity investment . . . . .	(1,352)	2,071	1,176	1,602
<b>Operating cashflow before changing in working capital</b> . . . . .	<b>1,358,960</b>	<b>1,658,402</b>	<b>1,174,096</b>	<b>1,210,036</b>
(Increase)/decrease in inventories . . . . .	(726,063)	(239,963)	88,212	(109,834)
(Increase)/decrease in trade and bill receivables . . . . .	(1,531,089)	(754,489)	(2,151,139)	(158,446)
(Increase)/decrease in prepayments, deposits and other receivables . . . . .	(1,074,996)	(1,214,507)	1,037,343	(1,216,642)
Increase/(decrease) in trade and note payables . . . . .	1,979,041	1,145,405	275,214	243,149
(Decrease)/increase in contract liabilities . . . . .	1,467	31,291	1,400	31,891
Increase/(decrease) in other payables and accruals . . . . .	736,186	788,507	96,455	323,833
(Increase)/decrease in restricted cash . . . . .	78,579	28,974	60,166	(14,814)
Cash generated from operations . . . . .	822,085	1,443,620	581,747	309,173
Income taxes paid . . . . .	(61,420)	(127,274)	(91,117)	(120,658)
<b>Net cashflow from/(used in) operating activities</b> . . . . .	<b>760,665</b>	<b>1,316,346</b>	<b>490,630</b>	<b>188,515</b>

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**ACCOUNTANTS' REPORT**

	<u>Years ended 31 December</u>		<u>Nine months ended 30 September</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Cash flows from investing activities</b>				
Payment for acquisition of subsidiaries, net . . . . .	–	–	–	(146,313)
Proceeds from disposal of property, plant and equipment . .	287	22,109	–	731
Purchases of property, plant and equipment . . . . .	(1,072,707)	(1,478,322)	(1,200,498)	(829,657)
Purchases of Intangible assets . . . .	(1,051)	(8,385)	(14,060)	(3,238)
Injection in equity investment . . . .	(7,000)	(3,500)	(2,324)	–
Interest received . . . . .	11,858	13,354	9,615	9,213
<b>Net cashflow used in investing activities . . . . .</b>	<b>(1,068,613)</b>	<b>(1,454,744)</b>	<b>(1,207,267)</b>	<b>(969,264)</b>
<b>Cash flow from financing activities</b>				
Repurchase of shares . . . . .	–	(119,991)	(119,991)	–
Proceed from employer stock ownership plan . . . . .	–	119,991	119,991	–
Proceeds from issuance of convertible bond . . . . .	1,151,000	–	–	–
Proceeds from borrowings . . . . .	793,282	1,648,000	1,248,000	1,169,004
Repayment of borrowings . . . . .	(683,100)	(1,141,035)	(780,306)	(745,965)
Dividend paid . . . . .	(146,694)	(146,191)	(146,191)	(146,191)
Principal portion of lease payments . . . . .	(29,301)	(23,135)	(4,643)	(14,288)
Interest paid . . . . .	(39,584)	(49,366)	(37,007)	(58,110)
<b>Net cashflow from financing activities . . . . .</b>	<b>1,046,203</b>	<b>288,273</b>	<b>279,853</b>	<b>204,450</b>
Net increase in cash and cash equivalents . . . . .	<b>737,655</b>	<b>149,875</b>	<b>(436,784)</b>	<b>(576,299)</b>
Cash and cash equivalents at the beginning of year/period . . . . .	454,857	1,191,203	1,191,203	1,325,516
Effects of exchange rate changes on cash and cash equivalents . . .	(1,309)	(15,562)	(36,289)	144
Cash and cash equivalents at end of year/period . . . . .	<b><u>1,191,203</u></b>	<b><u>1,325,516</u></b>	<b><u>718,130</u></b>	<b><u>749,361</u></b>

APPENDIX I

ACCOUNTANTS' REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at
		2023	2024	30 September
		RMB'000	RMB'000	2025
				RMB'000 (Unaudited)
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	18	451,291	443,180	421,228
Right-of-use assets . . . . .		67,582	61,999	58,819
Investment property . . . . .		3,077	2,898	2,763
Intangible assets . . . . .		12,609	9,586	7,084
Deferred tax assets . . . . .		21,713	25,178	25,390
Prepayment and other receivables . . . .	24	17,240	29,801	118,093
Investment in an associate . . . . .		6,252	7,680	6,079
Investment in subsidiaries . . . . .	17	812,321	844,600	3,058,792
Trade receivables . . . . .	23	233,158	97,824	249,321
<b>Total non-current assets</b> . . . . .		<u>1,625,243</u>	<u>1,522,746</u>	<u>3,947,569</u>
<b>Current assets</b>				
Inventories . . . . .	26	648,098	759,877	643,711
Trade and bills receivables . . . . .	23	1,859,672	2,147,012	2,461,747
Prepayment other receivables . . . . .	24	2,966,711	4,725,643	4,188,702
Financial assets at fair value through other comprehensive income . . . . .	22	1,054,613	950,145	1,398,205
Restricted cash and cash equivalents . .	25	224,067	195,092	209,895
Cash and cash equivalents . . . . .	25	646,843	1,023,188	464,049
<b>Total current assets</b> . . . . .		<u>7,400,004</u>	<u>9,800,957</u>	<u>9,366,309</u>
<b>Total assets</b> . . . . .		<u>9,025,247</u>	<u>11,323,703</u>	<u>13,313,878</u>
<b>Current liabilities</b>				
Trade and bills payables . . . . .	27	2,205,522	3,079,698	3,080,419
Contract liabilities . . . . .		89,549	56,662	113,019
Other payable and accruals . . . . .	28	823,156	1,592,561	3,117,000
Borrowings . . . . .	32	631,029	741,989	801,534
Lease liabilities . . . . .		4,597	2,162	1,353
<b>Total current liabilities</b> . . . . .		<u>3,753,853</u>	<u>5,473,072</u>	<u>7,113,325</u>
<b>Net current assets</b> . . . . .		<u>3,646,151</u>	<u>4,327,885</u>	<u>2,252,984</u>
<b>Total assets less current liabilities</b> . .		<u>5,271,394</u>	<u>5,850,631</u>	<u>6,200,553</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

	<i>Notes</i>	<b>As at 31 December</b>		<b>As at</b>
		<b>2023</b>	<b>2024</b>	<b>30 September</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(Unaudited)</i>
<b>Non-current liabilities</b>				
Borrowings . . . . .	32	320,000	617,000	962,550
Convertible bond . . . . .	31	976,784	1,017,892	847,077
Lease liabilities . . . . .		8,617	6,455	5,743
Deferred income . . . . .	30	24,685	21,805	19,645
<b>Total non-current liabilities . . . . .</b>		<u>1,330,086</u>	<u>1,663,152</u>	<u>1,835,015</u>
<b>NET ASSETS . . . . .</b>		<u>3,941,308</u>	<u>4,187,479</u>	<u>4,365,538</u>
<b>Capital and reserves</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital . . . . .	33	487,302	487,304	491,681
Retained earnings . . . . .		979,281	1,186,143	1,164,165
Reserves . . . . .		<u>2,474,725</u>	<u>2,514,032</u>	<u>2,709,692</u>
<b>TOTAL EQUITY . . . . .</b>		<u>3,941,308</u>	<u>4,187,479</u>	<u>4,365,538</u>

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION OF THE GROUP

Jiangsu Xinquan Automotive Trim Co., Ltd (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 18 April 2001. On 17 March 2017, the Company’s shares were listed on the Main board of the Shanghai Stock Exchange with stock code 603179. The address of the Company’s registered office is located at 江蘇省丹陽市丹北鎮長春村, while the principal place of business activities is at 555 Huanghe West Road, Xinbei District, Changzhou City, Jiangsu Province, People’s Republic of China.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the manufacture and sale of automotive interior and exterior decorative components and parts.

The immediate holding company of the Company is Jiangsu Xinquan Zhihe Investment Co., Ltd (江蘇新泉志和投資有限公司), and the ultimate controlling shareholder of the Company is Tang Zhihua.

The detailed information of major subsidiaries was disclosed in Note 17.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of preparation

The Historical Financial Information has been prepared based on the accounting policies set out in Note 2.2 which conform with IFRS Accounting Standards which collective term includes all individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“IASB”). In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period, unless otherwise stated.

The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets/liabilities at fair value through profit or loss (“FVPL”) and financial assets at fair value through other comprehensive income (“FVOCI”), which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. 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 4.

The Historical Financial Information has been prepared based on the consolidated financial statements of the Group. Inter-company transactions, balances and unrealized gains/losses on transactions between group companies are eliminated on consolidation.

*New standards, amendments to standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not effective for the Track Record Period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions except the new IFRS 18 as set out below.

The Group has not early applied the following new standards, interpretations and amendments that have been issued, but are not yet effective, during the Track Record Period.

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

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

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals, it also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group’s presentation of the statement of profit or loss and disclosures of the Group’s financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

**2.2 Basis of consolidation**

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### **2.3 Changes in the Group’s ownership interests in existing subsidiaries**

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### **2.4 Business combinations**

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

## 2.5 Investments in associates

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

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

The Company's investments in associates are accounted for in the financial statements using the equity method.

## 2.6 Revenue recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the goods underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

In determining whether revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. When determining whether the Group is acting as the principal or agent in offering goods or services to the customer, the Group needs to first identify who controls the specified goods or services before they are transferred to the customer. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified goods or service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstances.

### *Revenue from contract with customers*

#### *(a) Revenue from sales of automotive interior and exterior decorative components and parts*

The Group is principally engaged in the design, manufacturing and sales of interior and exterior decorative components and parts such as instrument panel assemblies, door panel assemblies, bumper assemblies, interior accessories, and exterior accessories.

Revenue is recognised at the amount of consideration to which the Group expects to be entitled when the customer obtains control of the relevant goods. The Group delivers products to the designated delivery location as agreed, and revenue is recognised upon confirmation of acceptance by the customers. The normal credit term ranges from 60 days to 90 days effective from the invoice date.

Revenue from domestic sales of goods is recognized when the Group has delivered products to the location specified in the sales contract and the buyer has confirmed the acceptance of the products, and the delivery order is signed by both parties. Upon confirming the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of goods is recognized when the products have been declared to the customs and shipped out of the port in accordance with the sales contract.

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

The Group's obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

*(b) Development and sales of moulds*

The Group develop and produce moulds for customers in accordance with the requirements specified in the relevant contract entered with the customers. Revenue is recognised at a point in time when the moulds is completed and accepted by the customer. The normal credit term is generally 60 to 90 days effective from the invoice date.

The Group also provide design services for customers and the revenue is recognised by the Group over time using the input method to measure progress.

**2.7 Government grants**

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognized as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

**2.8 Finance income**

Interest income is presented as the finance income where it is mainly earned from cash and cash equivalent, see Note 10 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**2.9 Employee benefits**

*(a) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and other allowances that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

*(b) Pension obligations*

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

*(c) Housing funds, medical insurances and other social insurances*

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

*(d) Bonus plan*

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

*(e) Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

**2.10 Current and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

*(a) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

*(b) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## 2.11 Earnings per share

### (i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable owners of the Company, and
- by the weighted average number of ordinary shares outstanding during the financial year.

### (ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic profit per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 2.12 Foreign currency translation

### (a) *Functional and presentation currency*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income on a net basis within "Other (losses)/gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in OCI.

**2.13 Property, plant and equipment**

Property, plant and equipment (other than freehold land and construction in progress) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated and is measured at cost less subsequent accumulated impairment losses. Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment (other than freehold and construction in progress) are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and buildings . . . . .	20 years
Machinery and equipment . . . . .	10 years
Transportation vehicle . . . . .	10 years
Office equipment . . . . .	5 years
Leasehold improvement . . . . .	Shorter of the term of the lease or the estimated useful lives of the assets

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Construction in progress represents unfinished construction under construction, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

**2.14 Leases**

*Definition of a lease*

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

*The Group as lessee*

All leases (irrespective of they are operating leases or finance leases) are required to be capitalized in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognize right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months and leases of low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

*Right-of-use asset*

The right-of-use asset is recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

*Lease liability*

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

***The Group as lessor***

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

***Lease modifications***

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**2.15 Intangible assets (other than goodwill)**

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows.

Computer Software . . . . . Over the license period

The amortisation expense is recognised in profit or loss and included in administrative expenses.

**2.16 Goodwill**

Goodwill is measured as described in Note 4.3. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

**2.17 Impairment of non-financial assets**

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.18 Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**(a) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**(b) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*(c) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "Finance income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other (losses)/gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other (losses)/gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other (losses)/gains, net" and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in "Other (losses)/gains, net" in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income as applicable.

*(d) Impairment*

The Group performs impairment assessment under ECL model on financial assets which are measured at amortised cost and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed collectively or individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

*(i) Significant increase in credit risk*

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

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

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

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

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

*(ii) Definition of default*

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

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

*(iii) Credit-impaired financial assets*

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

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

*(iv) Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

*(v) Measurement and recognition of ECL*

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. See Note 31 for further information about the Group's accounting for trade receivables and Note 3.1 (b) for a description of the Group's credit risk management.

**2.19 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost mainly comprises good-in-transit, raw materials, work in progress and finished goods. Costs of purchased inventories are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of individual items of inventory are determined using weighted average costs.

**2.20 Trade receivables**

Trade receivables is recognized when the group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost.

**2.21 Cash and cash equivalents**

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**2.22 Trade and note payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and note payables are classified as current liabilities unless payment is not due within 12 months after each reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**2.23 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statements of profit or loss and other comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after each reporting period.

**2.24 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.25 Borrowing costs**

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.26 Provision and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**2.27 Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

**2.28 Related party**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity,
  - (ii) has significant influence over the reporting entity, or
  - (iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate of the other entity (or an associate of a member of a group of which the other entity is a member).
  - (iii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (iv) The entity is controlled or jointly controlled by a person identified in (a).
  - (v) 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).
  - (vi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**2.29 Contract fulfilment costs**

The Group also recognizes contract fulfillment cost from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

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

The contract fulfilment cost recognized shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognized an impairment loss in profit or loss to the extent that the carrying amount of contract fulfillment cost recognized exceed:

- the remaining amount of consideration that the entity expects to received in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have been recognized as expenses.

**2.30 Contract assets and liabilities**

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

**2.31 Dividend distribution**

Dividend distributed to the shareholders is recognised as a liability in the Historical Financial Information in the period when the dividends are approved by the entities’ shareholders or directors, where appropriate.

**3. FINANCIAL RISK MANAGEMENT**

**3.1 Financial risk factors**

The Group’s activities expose it to a variety of financial risks: mainly market risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out under policies approved by the board of directors. The management identifies and evaluates financial risks in close co-operation with the Group’s operating units.

**(a) Market risk**

*(i) Foreign exchange risk*

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group’s businesses are principally conducted in RMB, USD and other foreign currencies.

The Group regularly monitors its foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. The Group continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

The exchange rate risks mainly arise from financial assets and financial liabilities denominated in USD. The amounts of financial assets and financial liabilities denominated in foreign currency converted into RMB are presented as follows:

	USD	Other foreign currency	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2023</b>			
Cash and cash equivalents . . . . .	24,694	60,213	84,907
Trade receivables . . . . .	442,104	17,621	459,726
Other receivables . . . . .	205	3,981	4,186
Trade and notes payables . . . . .	(24,630)	(74,669)	(99,299)
Other payables and accruals . . . . .	(13)	(753)	(766)
	<u>442,360</u>	<u>6,393</u>	<u>448,754</u>

	USD	Other foreign currency	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2024</b>			
Cash and cash equivalents . . . . .	39,718	84,260	123,978
Trade receivables . . . . .	220,401	82,678	303,079
Other receivables . . . . .	2,012	6,123	8,125
Trade and notes payables . . . . .	(350,591)	(102,903)	(453,494)
Other payables and accruals . . . . .	–	(1,325)	(1,325)
	<u>(88,460)</u>	<u>68,833</u>	<u>(19,637)</u>

	USD	Other foreign currency	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 September 2025</b>			
Cash and cash equivalents . . . . .	120,397	139,558	259,955
Trade receivables . . . . .	1,026,332	477,637	1,503,969
Other receivables . . . . .	576,791	538,995	1,115,786
Trade and notes payables . . . . .	2,409	21,462	23,871
Other payables and accruals . . . . .	–	1,203	1,203
	<u>1,725,929</u>	<u>1,178,855</u>	<u>2,904,784</u>

As at 31 December 2023, 2024, 30 September 2025, if the RMB appreciates or depreciates by 5% against the US dollar and other factors remain unchanged, the Group will reduce or increase its profit before taxation by approximately RMB22,118,000, RMB4,423,000, and RMB86,296,000, respectively. Other foreign currencies of changes have no significant impact on foreign exchange risk.

(ii) *Interest rate risk*

The Group’s interest rate risk primarily arises from borrowings, convertible bonds, cash and cash equivalents, and restricted bank deposits. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 32.

As at 31 December 2023, 2024 and 30 September 2025, the Group was not exposed to significant interest rate risk as all financial instruments were mainly fixed-rate instruments with no floating-rate components. The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk.

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(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted bank deposits, trade receivables and other receivables. The carrying amount of each class of the above assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of assets.

(i) Credit risk of cash and cash equivalents and restricted bank deposits

To manage this risk, the Group’s subsidiaries only make transactions with reputable commercial banks which are all high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The credit losses are assessed to be immaterial.

(ii) Credit risk of current and non-current trade receivables

The Group applied the IFRS 9 simplified approach in calculating expected credit losses (“ECLs”) for trade receivables. An analysis of the ECL calculation for non-current and current trade receivables is set out below:

Current trade receivables

Certain customers of the Group which has an outstanding trade receivable due to the Group with gross carrying amount of approximately RMB24,055,000, RMB44,544,000 and RMB23,049,000 as at 31 December 2023, 2024, 30 September 2025 were assessed for allowance for credit losses individually and the loss allowance were recognized to profit and loss for the year ended 31 December 2023 and 2024 and period ended 30 September 2025 of approximately RMB17,464,000, RMB28,709,000, RMB16,135,000, respectively. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward-looking information. For customers subjected to individual assessment, the management has fully provided for impairment during the track record period.

The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table sets forth an aging analysis (based on past due date) of the gross trade receivables and the related loss allowances at the respective reporting dates:

Assessed based on grouping

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
As at 31 December 2023					
Expected loss rate . . . . .	5.01%	29.75%	49.77%	100.00%	5.06%
Gross carrying amount (RMB’000) . . . . .	3,111,168	121	218	1,651	3,113,158
Loss allowance (RMB’000) . . . . .	155,558	36	109	1,652	157,355
As at December 31, 2024					
Expected loss rate . . . . .	5.00%	30.00%	48.48%	100.00%	5.12%
Gross carrying amount (RMB’000) . . . . .	3,876,288	11,586	33	1,870	3,889,777
Loss allowance (RMB’000) . . . . .	193,814	3,476	16	1,870	199,176
As at September 2025 (Unaudited)					
Expected loss rate . . . . .	4.88%	30.00%	49.98%	100.00%	5.33%
Gross carrying amount (RMB’000) . . . . .	4,192,521	29,109	2,479	11,283	4,235,392
Loss allowance (RMB’000) . . . . .	204,515	8,733	1,239	11,283	225,770

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The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Movements on the provision for impairment of trade receivables at amortized cost are as follows:

	Years ended 31 December		Nine months ended
	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
At the beginning of year/period . . .	116,306	174,819	227,885
Allowance for impairment . . . . .	58,513	53,102	14,020
Reversal . . . . .	—	(36)	—
At the end of year/period . . . . .	<u>174,819</u>	<u>227,885</u>	<u>241,905</u>

Non-Current trade receivables

As at 31 December 2023, 31 December 2024, and 30 September 2025, the Group had identified an individual customer with a significant credit risk. As a result, the Group recognized accumulated loss allowance of RMB17,968,000 as at 31 December 2023, 31 December 2024, and 30 September 2025. The gross amount of such individual customer was RMB25,668,000, RMB25,668,000 and RMB25,668,000 as at 31 December 2023, 31 December 2024, and 30 September 2025, respectively.

The remaining balances were grouped and collectively assessed for impairment allowances. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of customers with similar loss patterns. The calculation reflects probability-weighted outcomes, the time value of money, and reasonable and supportable information available at the reporting date regarding past events, current conditions, and forecasts of future economic conditions.

As at 31 December 2023, 31 December 2024, and 30 September 2025, loss allowances for non-current trade receivables based on such groupings were approximately RMB2,026,000, RMB3,062,000, and RMB2,703,000, respectively.

(iii) *Credit risk of bill receivables, deposit and other receivables*

For deposits and other receivables, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Deposit and other receivables that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and the expected credit losses are measured as 12-months expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to ‘Stage 3’ and the expected credit loss is measured as lifetime expected credit loss.

Management makes periodic assessments on these financial assets based on historical settlement records and past experience. As at 31 December 2023, 2024 and 30 September 2025, the loss allowance of approximately RMB4,356,000, RMB8,921,000 and RMB6,265,000 were recognised for bill receivables, deposit and other receivables.

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The movement on the provision for impairment of bill receivables, deposit and other receivables as follows:

	Years ended 31 December		Nine months ended
	2023	2024	30 September
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>Bill receivables</b>			
At the beginning of year/period . . . . .	159	1,816	2,518
Change in the allowance recognized in profit or loss . . . . .	1,657	702	(2,004)
At the end of year/period . . . . .	<u>1,816</u>	<u>2,518</u>	<u>514</u>
<b>Deposit other receivables</b>			
At the beginning of year/period . . . . .	2,340	2,540	6,403
Change in the allowance recognized in profit or loss . . . . .	200	3,863	(652)
At the end of year/period . . . . .	<u>2,540</u>	<u>6,403</u>	<u>5,751</u>
<b>Total . . . . .</b>	<u>4,356</u>	<u>8,921</u>	<u>6,265</u>

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by the finance department of the Group. The finance department ensures that the Group maintains sufficient funding to meet its debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-months cash flow forecasts.

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at each year end to the contractual maturity date for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is immaterial.

*Liquidity risk table*

	On demand or less than one year	One to two years	Two to five years	More than five years	Total undiscounted cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>The Group</b>						
<b>As at 31 December 2023</b>						
Trade and bills payables . . . . .	5,670,120	–	–	–	5,670,120	5,670,120
Other payables and accruals . . . . .	378,915	–	–	–	378,915	378,915
Borrowings . . . . .	709,302	345,035	79,977	84,149	1,218,463	1,157,777
Convertible bond . . . . .	976,784	–	–	–	976,784	976,784
Lease liabilities . . . . .	19,876	10,565	23,826	2,635	56,902	56,753
Total . . . . .	<u>7,754,997</u>	<u>355,600</u>	<u>103,803</u>	<u>86,784</u>	<u>8,301,184</u>	<u>8,240,349</u>

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	On demand or less than one year	One to two years	Two to five years	More than five years	Total undiscounted cash flows	Carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2024</b>						
Trade and bills payables . . . . .	6,804,420	–	–	–	6,804,420	6,804,420
Other payables and accruals . . . . .	435,885	–	–	–	435,885	435,885
Borrowings . . . . .	779,518	696,452	235,320	40,683	1,751,973	1,665,572
Convertible bond . . . . .	1,017,892	–	–	–	1,017,892	1,017,892
Lease liabilities . . . . .	20,411	19,722	49,940	907	90,980	82,573
Total . . . . .	<u>9,058,126</u>	<u>716,174</u>	<u>285,260</u>	<u>41,590</u>	<u>10,101,150</u>	<u>10,006,342</u>
<b>As at 30 September 2025 (Unaudited)</b>						
Trade and bills payables . . . . .	7,148,077	–	–	–	7,148,077	7,148,077
Other payables and accruals . . . . .	300,367	–	–	–	300,367	300,367
Borrowings . . . . .	1,192,595	715,852	949,719	–	2,858,166	1,708,980
Convertible bond . . . . .	847,077	–	–	–	847,077	847,077
Lease liabilities . . . . .	25,076	27,910	66,934	114,676	234,596	234,596
Total . . . . .	<u>9,513,192</u>	<u>743,762</u>	<u>1,016,653</u>	<u>114,676</u>	<u>11,388,283</u>	<u>10,239,097</u>

### 3.2 Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for equity holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, management of the Company considers the cost of capital and the risks associated with the share capital. The Group may adjust the amounts of dividends paid to equity holders, return capital to equity holders, issue new shares or repurchase the Company’s shares. No changes were made to the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at 31 December 2023, 2024 and 30 September 2025 were as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Total assets (RMB'000) . . . . .	13,447,166	15,912,249	17,405,224
Total liabilities (RMB'000) . . . . .	8,441,563	10,258,952	10,979,108
Asset-liability ratio . . . . .	62.78%	64.47%	63.08%

### 3.3 Fair value estimation

#### (a) Fair value hierarchy

The table below analyses the Group’s financial instruments carried at fair value as at 31 December 2023, 2024 and 30 September 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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As at 31 December 2023, 2024 and 30 September 2025, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analysed below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2023</b>				
Financial assets:				
Trade and note receivables at				
FVOCI ( <i>note 22</i> ) . . . . .	–	1,374,700	–	1,374,700
Financial assets at FVPL ( <i>note 22</i> ) . . . . .	–	–	12,464	12,464
Total financial assets . . . . .	–	<u>1,374,700</u>	<u>12,464</u>	<u>1,387,164</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2024</b>				
Financial assets:				
Trade and note receivables at				
FVOCI ( <i>note 22</i> ) . . . . .	–	1,458,555	–	1,458,555
Financial assets at FVPL ( <i>note 22</i> ) . . . . .	–	–	12,395	12,395
Total financial assets . . . . .	–	<u>1,458,555</u>	<u>12,395</u>	<u>1,470,950</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 September 2025</b>				
Financial assets:				
Trade and note receivables at				
FVOCI ( <i>note 22</i> ) . . . . .	–	2,011,846	–	2,011,846
Financial assets at FVPL ( <i>note 22</i> ) . . . . .	–	–	12,278	12,278
Total financial assets . . . . .	–	<u>2,011,846</u>	<u>12,278</u>	<u>2,024,124</u>

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the Track Record Period.

**(b) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other technique, such as asset-based approach, is used to determine fair value for the remaining financial instrument.

There were no changes in valuation techniques during the Track Record Period.

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The following table presents the movements in level 3 items for the years ended 31 December 2023, 2024 and 30 September 2025:

<b>Level 3</b>	<b>Financial assets at FVPL</b>
	<i>RMB'000</i>
As at 1 January 2023 . . . . .	13,438
Fair value changes . . . . .	(974)
As at 31 December 2023 and 1 January 2024 . . . . .	12,464
Fair value changes . . . . .	(69)
As at 31 December 2024 and 1 January 2025 . . . . .	12,395
Fair value changes . . . . .	(117)
As at 30 September 2025 (Unaudited) . . . . .	<u>12,278</u>

(c) *Valuation inputs and relationships to fair value*

	<b>As at 31 December</b>		<b>As at 30 September</b>	<b>Fair value hierarchy</b>	<b>Valuation technique(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship of unobservable inputs to fair value</b>
	<i>2023</i>	<i>2024</i>	<i>2025</i>				
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>				
<b>Financial assets</b>							
Unlisted equity investments, at fair value . . . . .	12,464	12,395	12,278	Level 3	Asset based approach	Equity value of the underlying investments	The higher the equity value, the higher the fair value

There were no transfers between levels during each of the reporting periods.

**4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting 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.

**(a) Estimation of the fair value of financial assets at FVPL and financial assets at FVOCI**

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in Note 3.3.

**(b) Inventory provision**

Inventories are stated at the lower of cost and net realizable value as stated in Note 4.18. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting year.

**(c) Provision of ECL for financial assets at amortised cost**

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. For details of the key assumptions and inputs used are set out in Note 3.1. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

**(d) Impairment assessment of non-financial assets**

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit's fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

**(e) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of goodwill is determined at higher of fair value less costs of disposal and value in use amount. The calculations of value in use amount require use of estimates. The cash flow projections used to determine the value in use of a cash-generating unit is based on significant assumptions, such as revenue growth rate, net profit margins before tax and interests, and pre-tax discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

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### (f) Uncertain tax position and recognition of current and deferred income tax assets

The Group is subject to enterprise income tax in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

As stated in Note 12, some subsidiaries of the Group are high-tech enterprises. The “High-Tech Enterprise Certificate” is effective for three years. Upon expiration, application for high-tech enterprise assessment should be submitted again to the relevant government authorities. Based on the past experience of reassessment for high-tech enterprise upon expiration and the actual condition of the subsidiaries, the Group considers that the subsidiaries are able to obtain the qualification for high-tech enterprises in future years, and therefore a preferential tax rate of 15% is used to calculate the corresponding deferred income tax. If some subsidiaries cannot obtain the qualification for high-tech enterprise upon expiration, then the subsidiaries are subject to a statutory tax rate of 25% for the calculation of the income tax, which further influences the recognised deferred tax assets, deferred tax liabilities and income tax expenses.

## 5. SEGMENT INFORMATION

### Segment results

The Group manages its businesses by business lines, in a manner consistent with the way in which information is reported internally to the Group’s chief operating decision maker (“CODM”) for the purposes of resource allocation and performance assessment. The Group has one single operating segment and no further analysis of the single segment is presented.

The geographical location of the Group’s non-current assets (excluding deferred income tax assets and financial assets) mainly comprised of the property, plant and equipment, Right-of-use assets, Goodwill and non-current prepayment and other payable is based on the physical location of these assets.

As at the end of each year/period for the Track Record Period, the geographical location of the Group’s non-current assets are as follows:

	As at 31 December		As at
	2023	2024	30 September
	RMB’000	RMB’000	RMB’000
China . . . . .	3,678,754	4,399,316	4,734,239
Asia (excluding Chinese Mainland) . . . . .	16,934	12,590	11,320
North America . . . . .	541,625	854,206	1,277,068
Europe . . . . .	–	281,563	549,339
	<u>4,237,313</u>	<u>5,547,675</u>	<u>6,571,966</u>

## 6. REVENUE

During the year ended 31 December 2023, 2024 and period ended 30 September 2025, the Group’s revenue streams are mainly categorised as follows:

- Sales of Products; and
- Development and sales of moulds.

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

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Sales of Products . . . . .	10,002,424	12,360,283	8,952,949	10,715,862
Development and sales of moulds . .	545,318	837,967	610,263	648,136
Revenue from external customers . .	<u>10,547,742</u>	<u>13,198,250</u>	<u>9,563,212</u>	<u>11,363,998</u>

Revenue from contracts with customers by timing of recognition within IFRS 15:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Point in time . . . . .	10,546,348	13,197,621	9,562,765	11,363,118
Over time . . . . .	1,394	629	447	880
	<u>10,547,742</u>	<u>13,198,250</u>	<u>9,563,212</u>	<u>11,363,998</u>

An analysis of the Group’s revenue from external customers, based on location of customers and analysed by region, is presented below:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Revenue from external customers				
– China . . . . .	9,793,044	12,122,100	8,712,428	8,802,592
– Asia (excluding Chinese Mainland) . . . . .	153,199	168,923	129,291	141,186
– North America . . . . .	600,555	906,262	720,972	1,805,906
– Europe . . . . .	944	965	521	614,314
	<u>10,547,742</u>	<u>13,198,250</u>	<u>9,563,212</u>	<u>11,363,998</u>

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

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000 (Unaudited)
Customer A . . . . .	2,019,188	2,319,941	1,761,423	1,807,069
Customer B . . . . .	1,705,651	2,993,969	2,131,869	2,366,289
Customer C . . . . .	2,254,492	2,703,882	2,004,166	3,357,712

**Contract liabilities**

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liability balance were primarily due to the recognition of revenues upon fulfillment of performance obligations.

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As at 31 December 2023, 2024 and 30 September 2025, the Group recognized contract liabilities of RMB114,504,000, RMB98,186,000 and RMB140,403,000, respectively.

The following table shows how much of the revenue recognised during the Track Record Period is included in the contract liabilities:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Revenue recognised that was included in the contract liability balance at the beginning of the year . . . . .	100,500	52,813	51,743	67,911

Since all contracts have a term of one year or less, the transaction price allocated to unsatisfied contracts is not disclosed.

**7. OTHER INCOME/(LOSSES)**

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Government grants ( <i>Note a</i> ) . . . . .	14,900	16,277	11,148	16,403
Additional Deduction or VAT ( <i>Note b</i> ) . . . . .	–	62,114	24,431	38,590
Compensation Income from Contract Default . . . . .	11,335	42,411	26,920	22,275
Others . . . . .	13,893	23,938	15,601	28,152
Total . . . . .	40,128	144,740	78,100	105,420

*Notes:*

- (a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group’s support and contribution for the development of local economies.
- (b) Pursuant to the Notice on the Additional Value-added Tax (“VAT”) Credit Policy for Advanced Manufacturing Enterprises (Announcement (2023) No. 43) issued by the Ministry of Finance and the State Taxation Administration in September 2023, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT.

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8. OTHER GAINS/(LOSSES), NET

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Fair value change on financial assets at FVPL . . . . .	(974)	(69)	(169)	(117)
Foreign currency exchange gain/(loss), net . . . . .	51,471	(32,788)	(52,369)	39,849
Net (losses)/gains on disposal of PPE and other assets . . . . .	(18,238)	(9,887)	532	1,289
Others . . . . .	(2,821)	(9,258)	(4,132)	(4,242)
	<u>29,438</u>	<u>(52,002)</u>	<u>(56,138)</u>	<u>36,779</u>

9. EXPENSES BY NATURE

Expenses included in cost of revenue, selling expenses, general and administrative expenses, research and development expenses and other expenses are analyzed as follows:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Raw materials and consumables used . . . . .	6,532,239	7,893,033	5,916,511	7,165,960
Material used for research and development . . . . .	168,255	194,349	131,769	151,329
Traveling expenses . . . . .	43,066	49,261	33,651	52,699
Depreciation and amortization . . . . .	648,164	827,363	507,864	624,173
Employee benefits expenses . . . . .	1,174,343	1,593,927	1,144,063	1,532,361
Storage fee . . . . .	58,817	63,056	48,228	52,250
Utilities . . . . .	141,286	194,971	116,387	139,341
Rental, repairs and inspection expenses . . . . .	109,818	178,347	96,634	129,346
Professional services fee . . . . .	7,962	15,117	7,123	17,557
Auditors’ remuneration . . . . .	1,000	1,000	1,000	1,000
Other tax and sub-charge charges . . . . .	51,378	65,988	45,327	51,389
Others . . . . .	661,710	979,106	663,825	814,757
	<u>9,598,038</u>	<u>12,055,518</u>	<u>8,712,382</u>	<u>10,732,162</u>

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10. FINANCE COSTS — NET

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Finance income:</b>				
Bank interest income (a) . . . . .	(11,858)	(13,354)	(9,615)	(9,213)
<b>Finance cost:</b>				
Interest expenses on bank				
borrowings . . . . .	33,010	41,129	33,532	40,657
Interest expenses on convertible				
bonds . . . . .	17,374	45,577	33,923	34,529
Interest expenses on short term				
financing bills . . . . .	3,042	2,425	1,545	1,497
Interest expenses on lease				
liabilities . . . . .	2,182	2,255	1,754	10,865
Total . . . . .	<u>43,750</u>	<u>78,032</u>	<u>61,139</u>	<u>78,335</u>

Note:

- (a) Interest income represents interest income from cash and cash equivalent, including bank balances and term deposits which could be withdrawn or transferred on demand.

11. EMPLOYEE BENEFIT EXPENSES

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Wages, salaries and bonuses . . . . .	1,003,953	1,298,427	960,582	1,251,092
Pension obligations, housing funds, medical insurances and other				
social insurances . . . . .	135,758	201,786	139,920	238,747
Other employee benefit expenses . .	56,036	77,070	2,149	1,101
	<u>1,195,747</u>	<u>1,577,283</u>	<u>1,102,651</u>	<u>1,490,940</u>

(a) Pension obligations, housing funds, medical insurances and other social insurances

The Group is required to contribute a specified percentage of payroll costs, subject to certain ceiling, as determined by local government authority to the pension obligations, housing funds, medical insurances and other social insurances to fund the benefits. The Group’s full-time employees in the PRC are members of a state-managed retirement benefit schemes operated by the PRC government and liabilities in respect of benefits schemes are limited to the contribution payable in each year.

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**12. INCOME TAX EXPENSES**

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 <i>(Unaudited)</i>	RMB'000
Current income tax . . . . .	118,203	148,776	110,128	64,634
Deferred income tax <i>(Note 21)</i> . . . . .	(9,486)	(16,313)	(4,789)	6,895
Total income tax expense . . . . .	<u>108,717</u>	<u>132,463</u>	<u>105,339</u>	<u>71,529</u>

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

**Chinese Mainland**

The income tax provision of the Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

Certain Group’s subsidiaries benefit from a preferential tax rate of 15% under the Enterprise Income Tax Law (“EIT”) Law if they are qualified as “High and New technology enterprises” under relevant regulations or located in applicable PRC regions, such as certain western regions and special economic zone, as specified in the relevant catalogue of encouraged industries, subject to certain general restrictions described in the EIT Law and the related regulations.

The Company’s subsidiaries in Mainland China other than those mentioned above are subject to enterprise income tax at the rate of 25%.

**Hong Kong**

The Group’s subsidiary in Hong Kong is subject to Hong Kong profits tax of which the tax rate was 16.5% up to 1 April 2018 when the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits in the first Hong Kong Dollars (“HKD”) 2 million and 16.5% for any assessable profits in excess. Since the subsidiary did not have assessable profits during the Track Record Period, no Hong Kong profits tax has been provided.

**US Corporate Income Tax**

The applicable income tax rate of the United States where our subsidiaries have significant operations during the Track Record Period include state income tax rates ranging from nil to 10% and the U.S. federal corporate income tax rate of 21%.

**Corporate income tax in other jurisdictions**

The income tax rates applicable to our subsidiaries in other jurisdictions, including Malaysia, Mexico, Singapore and the Slovak Republic, were calculated based on their estimated assessable profits during the Track Record Period, using the respective tax rates prevailing in those jurisdictions.

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The income tax expense for each of the reporting period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax . . . . .	913,772	1,106,208	789,775	685,037
Income tax expenses computed at the statutory income tax rate . . . . .	137,065	165,931	118,466	102,756
Tax effect of:				
Effect of different tax rates of subsidiaries operating in other jurisdictions . . . . .	28,603	2,345	21,105	19,651
Tax effect of non-deductible . . . . .	12,669	(5,534)	997	12,688
Utilisation of tax losses previously not recognized . . . . .	(4,487)	(2,958)	(2,407)	(48,516)
Tax effect of temporary difference not recognized . . . . .	10,711	54,776	32,606	37,692
Tax effect of additional deduction for eligible research and development expense (a) . . . . .	(78,177)	(83,037)	(66,181)	(61,650)
Others . . . . .	2,333	940	753	8,908
Income tax expense . . . . .	<u>108,717</u>	<u>132,463</u>	<u>105,339</u>	<u>71,529</u>

Note:

- (a) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC, enterprises engaging in research and development activities are entitled to claim up to 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period.

**13. DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS**

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during each of the reporting period are as follows:

**Year ended 31 December 2023**

	Directors’ fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Performance- based bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Chairman:</b>				
Tang Zhihua . . . . .	–	733	–	733
<b>Executive Directors:</b>				
Gao Hailong . . . . .	–	700	–	700
Wang Bo . . . . .	–	619	–	619
Zhou Xiong . . . . .	–	569	–	569
Li Xinfang . . . . .	–	590	–	590
Jiang Meixia . . . . .	–	569	–	569
<b>Independent non-executive directors:</b>				
Feng Qiaogen . . . . .	100	–	–	100
Yan Jianlai . . . . .	100	–	–	100
Zhang Guangjie . . . . .	100	–	–	100
	<u>300</u>	<u>3,780</u>	<u>–</u>	<u>4,080</u>

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Year ended 31 December 2024

	Directors’ fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Performance- based bonus	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Chairman:</b>				
Tang Zhihua . . . . .	–	742	–	742
<b>Executive Directors:</b>				
Gao Hailong . . . . .	–	695	–	695
Wang Bo . . . . .	–	620	–	620
Zhou Xiong . . . . .	–	570	–	570
Chen Zhiwen . . . . .	–	1,023	–	1,023
Li Xinfang . . . . .	–	590	–	590
Jiang Meixia . . . . .	–	568	–	568
<b>Independent non-executive directors:</b>				
Feng Qiaogen . . . . .	100	–	–	100
Yan Jianlai . . . . .	100	–	–	100
Zhang Guangjie . . . . .	100	–	–	100
	<u>300</u>	<u>4,808</u>	<u>–</u>	<u>5,108</u>

Nine months ended 30 September 2025

	Directors’ fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Performance- based bonus	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Chairman:</b>				
Tang Zhihua . . . . .	–	607	–	607
<b>Executive Directors:</b>				
Gao Hailong . . . . .	–	656	–	656
Wang Bo . . . . .	–	650	–	650
Zhou Xiong . . . . .	–	518	–	518
Chen Zhiwen . . . . .	–	798	–	798
Li Xinfang . . . . .	–	548	–	548
<b>Independent non-executive directors:</b>				
Feng Qiaogen . . . . .	100	–	–	100
Yan Jianlai . . . . .	100	–	–	100
Zhang Guangjie . . . . .	100	–	–	100
	<u>300</u>	<u>3,777</u>	<u>–</u>	<u>4,077</u>

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Nine months ended 30 September 2024

	Directors’ fee	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Performance- based bonus	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Chairman:</b>				
Tang Zhihua . . . . .	–	567	–	567
<b>Executive Directors:</b>				
Gao Hailong . . . . .	–	557	–	557
Wang Bo . . . . .	–	500	–	500
Zhou Xiong . . . . .	–	462	–	462
Chen Zhiwen . . . . .	–	799	–	799
Li Xinfang . . . . .	–	477	–	477
Jiang Meixia . . . . .	–	460	–	460
<b>Independent non-executive directors:</b>				
Feng Qiaogen . . . . .	100	–	–	100
Yan Jianlai . . . . .	100	–	–	100
Zhang Guangjie . . . . .	100	–	–	100
	<u>300</u>	<u>3,822</u>	<u>–</u>	<u>4,122</u>

Notes:

(a) **Directors’ retirement benefits and termination benefits**

No director’s retirement or termination benefit subsisted at the end of each year disclosed or at any time during the Track Record Period.

(b) **Consideration provided to third parties for making available directors’ services**

No consideration provided to third parties for making available director’s services subsisted at the end of each year disclosed or at any time during the Track Record Period.

(c) **Information about borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors**

No borrowings, quasi-borrowings and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

(d) **Directors’ material interest in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each year disclosed or at any time during the Track Record Period.

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**14. FIVE HIGHEST PAID INDIVIDUALS**

During the years ended 31 December 2023, 2024 and nine months ended 30 September 2024 and 2025, the five individuals with the highest emoluments in the Group include 2, 3, 3 and 3 directors of the Company, details of whose remuneration are set out in Note 13 above. Details of the remuneration of the remaining individuals during the years ended 31 December 2023, 2024 and period ended 30 September 2024 and 2025 are as follows:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Wages, salaries and bonuses . . . . .	7,811	7,337	6,160	5,983
Pension obligations, housing funds, medical insurances and other social insurances . . . . .	441	416	332	364
	<u>8,332</u>	<u>8,354</u>	<u>6,492</u>	<u>6,347</u>

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

	Number of individuals			
	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
HK\$1,000,001-HK\$1,500,000 . . . . .	3	3	3	5
HK\$1,500,001-HK\$2,000,000 . . . . .	2	2	2	0
	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

During each of the reporting period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during each of the reporting period.

**15. EARNINGS PER SHARE**

**(a) Basic earnings per share**

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000) . . . . .	805,532	976,636	685,581	622,600
Weighted average number of ordinary shares in issue (thousand share) . . . . .	487,302	487,303	487,302	488,398
Basic EPS (RMB per share) . . . . .	<u>1.65</u>	<u>2.00</u>	<u>1.41</u>	<u>1.27</u>

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(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
			(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB’000) . . . . .	805,532	976,636	685,581	622,600
Weighted average number of ordinary shares for calculating diluted profit per share (thousand share) . . . . .	487,302	487,303	487,302	488,398
Diluted EPS (RMB per share) . . . . .	<u>1.65</u>	<u>2.00</u>	<u>1.41</u>	<u>1.27</u>

The convertible bonds issued by the Group, as disclosed in Note 31, were excluded from the calculation of diluted earnings per share for the track record period because they were anti-dilutive.

16. GOODWILL

	Nine months ended 30 September 2025
	RMB’000 (Unaudited)
<b>Cost</b>	
At the beginning of the year . . . . .	–
Acquisition of a subsidiary (Note a) . . . . .	133,780
At the end of the year/period . . . . .	<u>133,780</u>
<b>Impairment</b>	
At the beginning of the year . . . . .	–
Impairment loss recognised . . . . .	–
At the end of the year/period . . . . .	<u>–</u>
<b>Carrying values</b>	
At the end of the year/period . . . . .	<u>133,780</u>

Note:

- (a) Goodwill is recognised in connection with business acquisitions. As at 30 September 2025, the goodwill of RMB133,780,000 was arising from the acquisition of Anhui Ruiqi Auto Parts Co., LTD (Anhui Ruiqi) (“安徽瑞琪汽車零部件有限公司”) in March 2025. Please refer to note 37 for details. Since the acquisition of Anhui Ruiqi was completed in March 2025, and as of 30 September 2025, the management is not aware of any significant adverse changes on the Anhui Ruiqi CGU that indicates the carrying amount of the cash-generating unit exceeds its recoverable amount. As a result, no impairment assessment as of 30 September 2025 was performed.

17. SUBSIDIARIES

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB’000	RMB’000	RMB’000 (Unaudited)
<b>Company</b>			
Investments in subsidiaries			
– Unlisted shares, at cost . . . . .	<u>812,321</u>	<u>844,600</u>	<u>3,058,792</u>



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Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/registered capital	Equity interest attributable to the Group						Principal activities	Place of operation
			As at 31 December 2023		As at 31 December 2024		As at 30 September 2025			
			Direct	Indirect	Direct	Indirect	Direct	Indirect		
成都新泉汽車飾件系統有限公司 (note a)	PRC	RMB30,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
西安新泉汽車飾件有限公司 (note a)	PRC	RMB30,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
寧德新泉汽車飾件有限公司 (note a)	PRC	RMB10,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
新泉發展香港有限公司 (note b) XINQUANHICOM MALAYSIA SDN.BHD. (note c)	HK SAR Malaysia (MYS)	HKD10,000 MYR64,400,000	100	–	100	–	100	–	Investment manufacture and sale of automotive interior and exterior decorative components and parts	HK SAR Malaysia (MYS)
新泉(上海)汽車零部件有限公司 (note a)	PRC	RMB50,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
常州新泉汽車零部件有限公司 (note a)	PRC	RMB50,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
Xinquan Mexico Automotive Trim, S. de R.L. de C.V. (note b)	Mexico (MEX)	MXN380,000,000	0.25	99.75	0.25	99.75	0.25	99.75	manufacture and sale of automotive interior and exterior decorative components and parts	Mexico (MEX)
Xinquan US Automotive Interior System Co., Ltd. (note b)	USA	USD50,000	–	100	–	100	–	100	manufacture and sale of automotive interior and exterior decorative components and parts	USA

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Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/registered capital	Equity interest attributable to the Group						Principal activities	Place of operation
			As at 31 December 2023		As at 31 December 2024		As at 30 September 2025			
			Direct	Indirect	Direct	Indirect	Direct	Indirect		
合肥新泉汽車零部件有限公司 (note a) . . . . .	PRC	RMB100,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
蕪湖新泉志和汽車外飾系統有限公司 (note a) . . . . .	PRC	RMB100,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
常州新泉志和汽車外飾系統有限公司 (note a) . . . . .	PRC	RMB100,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
安慶新泉汽車零部件有限公司 (note a) . . . . .	PRC	RMB50,000,000	100	–	100	–	100	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
安徽瑞琪汽車零部件有限公司 . . . . .	PRC	RMB18,000,000	N/A	N/A	N/A	N/A	70	–	manufacture and sale of automotive interior and exterior decorative components and parts	PRC
XINQUAN INTERNATIONAL DEVELOPMENT SINGAPORE PTE.LTD (note d) . . . . .	Singapore (SGP)	SGD50,000	100	–	100	–	100	–	Investment	Singapore (SGP)
Xinquan Slovakia Automotive Trim s.r.o. (note c) . . . . .	Slovak Republic (SVK)	EUR100,000	1	99	1	99	1	99	manufacture and sale of automotive interior and exterior decorative components and parts	Slovak Republic (SVK)
Xinquan US LLC (note d) . . . . .	USA	USD50,000	N/A	N/A	–	100	–	100	manufacture and sale of automotive interior and exterior decorative components and parts	USA

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Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/registered capital	Equity interest attributable to the Group						Principal activities	Place of operation
			As at 31 December 2023		As at 31 December 2024		As at 30 September 2025			
			Direct	Indirect	Direct	Indirect	Direct	Indirect		
Xinquan US Group LLC ( <i>note d</i> )	USA	USD50,000	N/A	N/A	–	100	–	100	manufacture and sale of automotive interior and exterior decorative components and parts	USA
Xinquan Texas Automotive Interiors LLC ( <i>note d</i> )	USA	USD50,000	N/A	N/A	–	100	–	100	manufacture and sale of automotive interior and exterior decorative components and parts	USA
晉中新泉汽車飾件有限公司	PRC	RMB10,000,000	N/A	N/A	–	100	–	100	components and parts manufacture and sale of automotive interior and exterior decorative components and parts	PRC

Notes:

- (a) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2023 and 2024.
- (b) The statutory financial statements of oversea subsidiaries of Company have been audited by other accounting firms, in accordance with the local accounting standards and IFRS for the years ended 31 December 2023 and 2024.
- (c) The statutory financial statements of this oversea subsidiary of Company has been audited by BDO Global network member firm, in accordance with the local accounting standards for the years ended 31 December 2023 and 2024.
- (d) No audited financial statement was prepared for those subsidiaries as it is not required to issue audited financial statements under the local statutory requirements.
- (e) The subsidiary had not been incorporated in the relevant year with “N/A”.

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**ACCOUNTANTS’ REPORT**

**18. PROPERTY, PLANT AND EQUIPMENT**

	Property and buildings	Machinery and equipment	Transportation vehicle	Office equipment	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>The Group</b>							
<b>Cost</b>							
As at 1 January 2023 . . . . .	1,100,084	1,685,569	25,503	91,028	484,133	123,810	3,510,127
Additions . . . . .	70,324	68,531	8,186	24,866	937,668	79,041	1,188,616
Transferred from construction in progress to other PPE . . . . .	469,130	662,014	–	2,680	(1,133,824)	–	–
Exchange differences . . . . .	–	–	–	–	11,433	–	11,433
Disposal or scrapping . . . . .	(1,667)	(15,308)	(1,538)	(22,507)	–	(1,366)	(42,386)
As at 31 December 2023 and 1 January 2024 . . . . .	1,637,871	2,400,806	32,151	96,067	299,410	201,485	4,667,790
Additions . . . . .	492	42,075	7,283	10,664	1,337,573	92,938	1,491,025
Transferred from construction in progress to other PPE . . . . .	247,377	679,314	–	425	(927,116)	–	–
Exchange differences . . . . .	–	–	–	–	(19,649)	–	(19,649)
Disposal and others . . . . .	–	(9,022)	(276)	(556)	–	–	(9,854)
As at 31 December 2024 and 1 January 2025 . . . . .	1,885,740	3,113,173	39,158	106,600	690,218	294,423	6,129,312
Additions . . . . .	40,386	22,057	697	4,112	694,711	20,959	782,922
Acquired through business combination (note 37) . . . . .	–	23,695	935	803	97	7,195	32,725
Transferred from construction in progress to other PPE . . . . .	306,070	380,522	5,629	31,513	(723,734)	–	–
Exchange differences . . . . .	–	–	–	–	90,242	–	90,242
Disposal and other . . . . .	–	(4,253)	(139)	(240)	–	–	(4,632)
As at 30 September 2025 . . . . .	<u>2,232,196</u>	<u>3,535,194</u>	<u>46,280</u>	<u>142,788</u>	<u>751,534</u>	<u>322,577</u>	<u>7,030,569</u>
<b>Depreciation</b>							
As at 1 January 2023 . . . . .	187,363	532,402	7,778	47,613	–	45,701	820,857
Provided for the year . . . . .	64,676	187,776	2,775	6,848	–	33,270	295,345
Disposal and others . . . . .	(701)	(22,502)	(218)	(3,518)	–	–	(26,939)
As at 31 December 2023 and 1 January 2024 . . . . .	251,338	697,676	10,335	50,943	–	78,971	1,089,263
Provided for the year . . . . .	83,620	231,379	3,268	12,921	–	45,439	376,627
Disposal and others . . . . .	–	(7,859)	(152)	(469)	–	–	(8,480)
As at 31 December 2024 and 1 January 2025 . . . . .	334,958	921,196	13,451	63,395	–	124,410	1,457,410
Provided for the period . . . . .	77,530	235,952	3,582	31,312	–	30,502	378,878
Disposal and others . . . . .	–	(3,243)	(105)	(208)	–	–	(3,556)
As at 30 September 2025 . . . . .	<u>412,488</u>	<u>1,153,905</u>	<u>16,928</u>	<u>94,499</u>	<u>–</u>	<u>154,912</u>	<u>1,832,732</u>
<b>Net book value</b>							
As at 31 December 2023 . . . . .	<u>1,386,533</u>	<u>1,703,130</u>	<u>21,816</u>	<u>45,124</u>	<u>299,410</u>	<u>122,514</u>	<u>3,578,527</u>
As at 31 December 2024 . . . . .	<u>1,550,782</u>	<u>2,191,977</u>	<u>25,707</u>	<u>43,205</u>	<u>690,218</u>	<u>170,013</u>	<u>4,671,902</u>
As at 30 September 2025 (Unaudited) . . . . .	<u>1,819,708</u>	<u>2,381,289</u>	<u>29,352</u>	<u>48,289</u>	<u>751,534</u>	<u>167,665</u>	<u>5,197,837</u>

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	Property and buildings	Machinery and equipment	Transportation vehicle	Office equipment	Construction in progress	Leasehold improvement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>The Company</b>							
<b>Cost</b>							
As at 1 January 2023 . . . . .	288,546	273,827	12,022	53,297	11,693	43,800	683,185
Additions . . . . .	–	14,687	1,149	6,252	36,458	14,615	73,161
Transferred from construction in progress . . . . .	9,743	24,021	–	31	(33,795)	–	–
Exchange differences . . . . .	–	–	–	–	325	–	325
Disposals and others . . . . .	–	(34,212)	(1,917)	(16,550)	–	–	(52,679)
As at 31 December 2023 and 1 January 2024 . . . . .	298,289	278,323	11,254	43,030	14,681	58,415	703,992
Additions . . . . .	1,083	13,047	149	2,481	18,280	17,524	52,564
Transferred from construction in progress . . . . .	–	29,675	–	422	(30,097)	–	–
Exchange differences . . . . .	–	–	–	–	(478)	–	(478)
Disposals and others . . . . .	–	(1,679)	33	(275)	–	(367)	(2,288)
As at 31 December 2024 and 1 January 2025 . . . . .	299,372	319,366	11,436	45,658	2,386	75,572	753,790
Additions . . . . .	–	–	25	–	33,060	2,850	35,935
Transferred from construction in progress . . . . .	–	33,933	–	3,157	(33,933)	–	3,157
Exchange differences . . . . .	–	–	–	–	1,235	–	1,235
Disposals/written off . . . . .	–	(17,750)	–	(59)	–	–	(17,809)
As at 30 September 2025 . . . . .	299,372	335,549	11,461	48,756	2,748	78,422	776,308
<b>Depreciation</b>							
As at 1 January 2023 . . . . .	70,880	103,364	5,177	32,260	–	15,335	227,016
Provided for the year . . . . .	13,788	31,880	909	(2,229)	–	9,886	54,234
Disposal and other . . . . .	–	(27,369)	(345)	(835)	–	–	(28,549)
As at 31 December 2023 and 1 January 2024 . . . . .	84,668	107,875	5,741	29,196	–	25,221	252,701
Provided for the year . . . . .	14,404	24,522	819	3,575	–	11,464	54,784
Disposal and other . . . . .	–	3,357	28	(260)	–	[●]	3,125
As at 31 December 2024 and 1 January 2025 . . . . .	99,072	135,754	6,588	32,511	–	36,685	310,610
Provided for the period . . . . .	10,806	23,062	616	2,948	–	9,442	46,874
Disposal and other . . . . .	–	(2,355)	–	(49)	–	–	(2,404)
As at 30 September 2025 . . . . .	109,878	156,461	7,204	35,410	–	46,127	355,080
<b>Net book value</b>							
As at 31 December 2023 . . . . .	213,621	170,448	5,513	13,834	14,681	33,194	451,291
As at 31 December 2024 . . . . .	200,300	183,612	4,848	13,147	2,386	38,887	443,180
As at 30 September 2025 . . . . .	189,494	179,088	4,257	13,346	2,748	32,295	421,228

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19. INTANGIBLE ASSETS

	<u>Software</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>The Group</b>		
<b>COST</b>		
As at 1 January 2023 . . . . .	33,952	33,952
Additions . . . . .	1,051	1,051
Transfer from construction in progress . . . . .	4,087	4,087
As at 31 December 2023 and 1 January 2024 . . . . .	39,090	39,090
Additions . . . . .	8,384	8,384
Transfer from construction in progress to . . . . .	2,080	2,080
Disposal . . . . .	(298)	(298)
As at 31 December 2024 and 1 January 2025 . . . . .	49,256	49,256
Additions . . . . .	3,239	4,462
Acquired through business combination . . . . .	1,223	–
As at 30 September 2025 . . . . .	53,718	53,718
<b>Amortisation</b>		
As at 1 January 2023 . . . . .	19,619	19,619
Provided for the year . . . . .	5,557	5,557
As at 31 December 2023 and 1 January 2024 . . . . .	25,176	25,176
Provided for the year . . . . .	5,556	5,556
Written back on disposal . . . . .	(5)	(5)
As at 31 December 2024 and 1 January 2025	30,727	30,727
Provided for the period . . . . .	7,333	7,333
As at 30 September 2025 . . . . .	38,060	38,060
<b>Net book value</b>		
As at 31 December 2023 . . . . .	13,914	13,914
As at 31 December 2024 . . . . .	18,529	18,529
As at 30 September 2025 (Unaudited) . . . . .	15,658	15,658

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**20. RIGHT-OF-USE ASSETS**

This note provides information for leases where the Group is a lessee.

**(a) Amounts recognised in the consolidated statements of financial positions**

The consolidated statements of financial positions show the following amounts relating to leases:

**The Group**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>Right-of-use assets</b>			
Buildings . . . . .	55,987	81,391	224,377
Office equipment . . . . .	321	267	184
Land use right . . . . .	357,857	359,577	509,290
	<u>414,165</u>	<u>441,235</u>	<u>733,851</u>
<b>Lease liabilities</b>			
Current . . . . .	19,876	20,411	25,076
Non-current . . . . .	36,877	62,162	209,520
	<u>56,753</u>	<u>82,573</u>	<u>234,596</u>

*Note:* Certain land use rights were pledged to secure bank borrowings and facilities granted to the Group (Note 36).

**(b) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income**

The consolidated statements of profit or loss and other comprehensive income show the following amounts relating to leases:

**The Group**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Amortisation of Right-of-use assets . . . . .	27,800	32,667	33,058
Interest expenses . . . . .	2,182	2,255	10,864
Expenses relating to short-term lease . . . . .	18,671	31,947	32,184

**(c) The Group’s leasing activities and how these are accounted for**

The Group leases various buildings for operation. Rental contracts of the leasehold buildings are typically made according to contracts by contracts ranging from one year to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

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Details of the right-of-use assets recognised and movements during each of the reporting period.

**The Group**

	<u>Leased buildings</u>	<u>Office equipment</u>	<u>Land use rights</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Costs</b>				
As at 1 January 2023 . . . . .	60,110	435	296,049	356,594
Additions . . . . .	51,740	421	103,793	155,954
Termination of right-of-use assets . .	<u>(12,663)</u>	<u>(70)</u>	<u>–</u>	<u>(12,733)</u>
As at 31 December 2023 and 1 January 2024 . . . . .	99,187	786	399,842	499,815
Additions . . . . .	48,955	195	10,587	59,737
Termination of right-of-use assets . .	<u>(9,177)</u>	<u>–</u>	<u>–</u>	<u>(9,177)</u>
As at 31 December 2024 and 1 January 2025 . . . . .	138,965	981	410,429	550,375
Additions . . . . .	161,036	92	160,525	321,653
Arising from business combination (note 37) . . . . .	8,746	–	–	8,746
Termination of right-of-use assets . .	<u>(8,120)</u>	<u>–</u>	<u>–</u>	<u>(8,120)</u>
As at 30 September 2025 . . . . .	<u>300,627</u>	<u>1,073</u>	<u>570,954</u>	<u>872,654</u>
<b>Depreciation</b>				
As at 1 January 2023 . . . . .	35,909	254	34,420	70,583
Provided for the year . . . . .	19,954	281	7,565	27,800
Termination of right-of-use assets . .	<u>(12,663)</u>	<u>(70)</u>	<u>–</u>	<u>(12,733)</u>
As at 31 December 2023 and 1 January 2024 . . . . .	43,200	465	41,985	85,650
Provided for the year . . . . .	23,551	249	8,867	32,667
Termination of right-of-use assets . .	<u>(9,177)</u>	<u>–</u>	<u>–</u>	<u>(9,177)</u>
As at 31 December 2024 and 1 January 2025 . . . . .	57,574	714	50,852	109,140
Provided for the period . . . . .	22,071	175	10,812	33,058
Termination of right-of-use assets . .	<u>(3,395)</u>	<u>–</u>	<u>–</u>	<u>(3,395)</u>
As at 30 September 2025 . . . . .	<u>76,250</u>	<u>889</u>	<u>61,664</u>	<u>138,803</u>
<b>Net book value</b>				
As at 31 December 2023 . . . . .	<u>55,987</u>	<u>321</u>	<u>357,857</u>	<u>414,165</u>
As at 31 December 2024 . . . . .	<u>81,391</u>	<u>267</u>	<u>359,577</u>	<u>441,235</u>
As at 30 September 2025 . . . . .	<u>224,377</u>	<u>184</u>	<u>509,290</u>	<u>733,851</u>

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**21. DEFERRED TAXATION**

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

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
Gross deferred tax assets . . . . .	60,821	74,153	61,349
Offsetting against deferred tax liabilities . . . . .	(10,317)	(7,280)	(570)
Net deferred tax assets . . . . .	<u>50,504</u>	<u>66,873</u>	<u>60,779</u>
Gross deferred tax liabilities . . . . .	(11,760)	(7,352)	(7,058)
Offsetting against deferred tax assets . . . . .	10,317	7,281	570
Net deferred tax liabilities . . . . .	<u>(1,443)</u>	<u>(71)</u>	<u>(6,488)</u>

**Deferred tax assets**

The movements in deferred tax assets before offsetting for the years ended 31 December 2023, 2024 and period ended 30 September 2025 are as follows:

	Loss allowance and impairment provision	Deferred income	Lease liabilities	Unrealised intercompany profits	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 . . . . .	25,937	12,702	3,958	3,538	–	46,135
Credited/(charged) to consolidated statement of profit or loss . . . . .	<u>8,056</u>	<u>1,033</u>	<u>5,469</u>	<u>(75)</u>	<u>203</u>	<u>14,686</u>
As at 31 December 2023 and 1 January 2024 . . . . .	33,993	13,735	9,427	3,463	203	60,821
Credited/(charged) to consolidated statement of profit or loss . . . . .	<u>7,791</u>	<u>8,106</u>	<u>(2,799)</u>	<u>(468)</u>	<u>702</u>	<u>13,332</u>
As at 31 December 2024 and 1 January 2025 . . . . .	41,784	21,841	6,628	2,995	905	74,153
Charged to consolidated statement of profit or loss . . . . .	<u>(8,111)</u>	<u>(1,636)</u>	<u>(1,020)</u>	<u>(1,759)</u>	<u>(278)</u>	<u>(12,804)</u>
Acquired through business combination . . . . .	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 30 September 2025 (Unaudited) . . . . .	<u>33,673</u>	<u>20,205</u>	<u>5,608</u>	<u>1,236</u>	<u>627</u>	<u>61,349</u>

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**Deferred tax liabilities**

	Fair value adjustments of financial assets	Accelerated depreciation of fixed assets	Right of use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023 . . . . .	(1,002)	–	(3,833)	(4,835)
Charged/(credited) to profit or loss . . . . .	<u>386</u>	<u>(1,877)</u>	<u>(5,434)</u>	<u>(6,925)</u>
As at 31 December 2023 and 1 January 2024 . . . . .	(616)	(1,877)	(9,267)	(11,760)
Charged to profit or loss . . . . .	<u>17</u>	<u>1,805</u>	<u>2,586</u>	<u>4,408</u>
As at 31 December 2024 and 1 January 2025 . . . . .	(599)	(72)	(6,681)	(7,352)
Charged to profit or loss . . . . .	<u>30</u>	<u>72</u>	<u>192</u>	<u>294</u>
As at 30 September 2025 (Unaudited) . . . . .	<u>(569)</u>	<u>–</u>	<u>(6,489)</u>	<u>(7,058)</u>

*Note:* As at 31 December 2023, 31 December 2024, and 30 September 2025, the Group had unused tax losses of RMB75,968,000, RMB140,232,000 and RMB91,716,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2023, 31 December 2024, and 30 September 2025, respectively, as it is not probable that taxable profit will be available against which the tax losses will be utilised. The tax losses can be carried forward for 5 or 10 years from the year in which they were incurred.

**22. FINANCIAL ASSETS AT FVPL AND FVOCI**

**(a) Financial assets at FVPL**

The Group classifies the following financial assets at FVPL:

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
<b>The Group</b>			
<u>Non-current assets</u>			
Equity investments . . . . .	<u>12,464</u>	<u>12,395</u>	<u>12,278</u>

*Notes:*

- (i) Equity investment represents unlisted securities. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. The major assumptions used in the valuation refer to Note 3.3.
- (ii) The equity investments are classified as non-current as the management does not expect to realize these financial assets within twelve months after the end of each reporting period during the Track Record Period respectively.

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**(b) Financial assets at FVOCI**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
<u>Current assets</u>			
Trade and note receivables at FVOCI . . . . .	1,374,700	1,458,555	2,011,846

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)

<b>The Company</b>			
<u>Current assets</u>			
Trade and note receivables at FVOCI . . . . .	1,054,613	950,145	1,398,205

*Note:*

- (i) Trade and note receivables at FVOCI were mainly bank acceptance notes transferred, discounted and endorsed for the purpose of daily treasury management. The Trade and note receivables at FVOCI will be matured within one year. Accordingly, the management consider that the effect of the time value of money on their fair value is not significant. As a result, the fair value of trade and note receivables at FVOCI at the end of the reporting period is approximate to the face value of the instruments.

**23. TRADE AND BILLS RECEIVABLES**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
<b>Non-current</b>			
Trade receivables			
– Third parties . . . . .	57,885	75,074	70,340
Less: Loss allowance . . . . .	(19,994)	(21,031)	(20,671)
	<u>37,891</u>	<u>54,043</u>	<u>49,669</u>
<b>Current</b>			
Trade receivables			
– Third parties . . . . .	3,137,213	3,934,321	4,258,441
Less: Loss allowance ( <i>Note 3.1(c)</i> ) . . . . .	(174,819)	(227,885)	(241,905)
	<u>2,962,394</u>	<u>3,706,436</u>	<u>4,016,536</u>
– Bill receivables . . . . .	151,574	99,202	30,123
Less: Loss allowance ( <i>Note 3.1(c)</i> ) . . . . .	(1,816)	(2,518)	(514)
	<u>149,758</u>	<u>96,684</u>	<u>29,609</u>
	<u>3,112,152</u>	<u>3,803,120</u>	<u>4,046,145</u>

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	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Company</b>			
<b>Non-current</b>			
Trade receivables			
– Third parties . . . . .	221,049	76,640	219,726
– Subsidiaries . . . . .	30,746	40,484	49,210
	<u>251,795</u>	<u>117,124</u>	<u>268,936</u>
Less: Loss allowance . . . . .	(18,637)	(19,300)	(19,615)
	<u>233,158</u>	<u>97,824</u>	<u>249,321</u>
<b>Current</b>			
Trade receivables			
– Third parties . . . . .	1,646,957	1,861,242	1,975,845
– Subsidiaries . . . . .	154,196	304,117	574,878
	<u>1,801,153</u>	<u>2,165,359</u>	<u>2,550,723</u>
Less: Loss allowance . . . . .	(91,239)	(115,031)	(118,585)
	<u>1,709,914</u>	<u>2,050,328</u>	<u>2,432,138</u>
Bill receivables . . . . .	151,574	99,202	30,123
Less: Loss allowance . . . . .	(1,816)	(2,518)	(514)
	<u>149,758</u>	<u>96,684</u>	<u>29,609</u>
	<u>1,859,672</u>	<u>2,147,012</u>	<u>2,461,747</u>

The Group’s credit period ranges from 60 to 90 days to the customers. The aging analysis of trade receivables in current portion based on the invoice date was as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
Within 1 year . . . . .	3,106,134	3,894,265	4,192,521
1 to 2 years . . . . .	17,270	14,616	37,429
2 to 3 years . . . . .	6,838	11,681	13,374
Over 3 years . . . . .	6,971	13,759	15,117
	<u>3,137,213</u>	<u>3,934,321</u>	<u>4,258,441</u>

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24. PREPAYMENT AND OTHER RECEIVABLES

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
<b>Non-current</b>			
Prepayments for acquisition of PPE . . . . .	221,379	405,650	481,997
<b>Current</b>			
Other tax receivables . . . . .	237,326	286,467	263,393
Deposits . . . . .	29,004	23,698	24,816
Prepayments made to the third party suppliers . .	456,494	415,949	559,316
Tax prepayments . . . . .	1,629	2,258	8,983
Others . . . . .	9,444	16,807	11,479
	733,897	745,179	867,987
Less: provision for impairment ( <i>Note 3.1(c)</i> ) . . .	(2,540)	(6,403)	(5,751)
	<u>731,357</u>	<u>738,776</u>	<u>862,236</u>

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Company</b>			
<b>Non-current</b>			
Prepayments for acquisition of PPE . . . . .	17,240	29,801	118,093
<b>Current</b>			
Amount due from subsidiaries ( <i>Note a</i> ) . . . . .	2,649,495	4,484,069	3,892,391
Other tax receivables . . . . .	5,057	32,927	6,061
Deposits . . . . .	1,189	1,205	1,603
Prepayments made to the third party suppliers . .	302,850	195,279	280,086
Others . . . . .	8,739	13,015	9,620
	(619)	(852)	(1,059)
	<u>2,966,711</u>	<u>4,725,643</u>	<u>4,188,702</u>

Note:

(a) Amount due from the subsidiaries are unsecured, interest free and repayable on demand.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
Cash at banks and in hand . . . . .	1,191,203	1,325,516	749,361
Restricted bank and other deposits ( <i>note (a)</i> ) . . .	224,389	195,415	210,229
<b>Total:</b> . . . . .	<u>1,415,592</u>	<u>1,520,931</u>	<u>959,590</u>

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	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Company</b>			
Cash at banks and in hand . . . . .	646,843	1,023,188	464,049
Restricted bank and other deposits ( <i>note (a)</i> ) . . . . .	224,067	195,092	209,895
	<u>870,910</u>	<u>1,218,280</u>	<u>673,944</u>

*Note:*

- (a) As at 31 December 2023, 31 December 2024, and 30 September 2025, the restricted deposits were primarily denominated in RMB and held in separately designated bank accounts, arose from note payable and letters of guarantee.

26. INVENTORIES

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
Materials in Transit . . . . .	18,437	17,006	37,778
Raw Materials . . . . .	345,255	292,415	457,877
Finished Goods . . . . .	164,211	195,766	245,973
Goods in Transit . . . . .	906,784	1,098,521	988,349
Outsourced processing materials . . . . .	4,076	2,930	2,646
Work in Progress . . . . .	212,304	211,997	256,233
Moulds ( <i>note (a)</i> ) . . . . .	825,208	896,520	844,645
	<u>2,476,275</u>	<u>2,715,155</u>	<u>2,833,501</u>
Less: write-downs of inventories . . . . .	(1,083)	(5,276)	(2,785)
Total . . . . .	<u>2,475,192</u>	<u>2,709,879</u>	<u>2,830,716</u>

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Company</b>			
Raw Materials . . . . .	28,965	31,441	34,892
Finished Goods . . . . .	28,849	26,517	108,835
Goods in Transit . . . . .	32,953	116,984	1,895
Outsourced processing materials . . . . .	3,423	2,393	2,244
Work in Progress . . . . .	10,053	12,060	15,024
Moulds . . . . .	543,940	570,848	481,392
	<u>648,183</u>	<u>760,243</u>	<u>644,282</u>
Less: write-downs of inventories . . . . .	(85)	(366)	(571)
Total . . . . .	<u>648,098</u>	<u>759,877</u>	<u>643,711</u>

*Notes:*

- (a) Moulds represent the contract fulfilment costs, mainly comprising moulds and tooling used to produce products for specifically identifiable existing and anticipated customer contracts.
- (b) During the years ended 31 December 2023, 2024 and 30 September 2025, inventories recognised as cost of sales amounted to RMB8,290 million, RMB10,321 million and RMB9,167 million respectively, and including reversal of provision for inventories recognised as cost of sales amounted to RMB4.6 million, RMB2.9 million and RMB5.1 million, respectively.

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**27. TRADE AND BILLS PAYABLES**

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
<b>The Group</b>			
Trade payables			
– Third parties . . . . .	4,196,212	4,617,978	4,974,757
Bills payable ( <i>note (c)</i> )			
– Bank . . . . .	1,473,908	2,186,442	2,173,320
Trade and bills payables . . . . .	<u>5,670,120</u>	<u>6,804,420</u>	<u>7,148,077</u>

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
<b>The Company</b>			
Trade payables			
– Third parties . . . . .	699,060	870,584	903,707
– Subsidiaries . . . . .	30,870	3,787	925
	729,930	874,371	904,632
Bills payable			
– bank . . . . .	1,475,592	2,205,327	2,175,787
Trade and bills payables . . . . .	<u>2,205,522</u>	<u>3,079,698</u>	<u>3,080,419</u>

Payment terms with suppliers are mainly on credit ranging from 60 days from invoice date. The following is an aging analysis of trade payables presented based on transaction date at the end of each of the reporting period:

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
<b>Group</b>			
Within 1 year . . . . .	4,181,539	4,595,134	4,949,670
1-2 years . . . . .	4,201	16,557	18,368
2-3 years . . . . .	5,782	403	3,264
Over 3 years . . . . .	4,690	5,884	3,455
	<u>4,196,212</u>	<u>4,617,978</u>	<u>4,974,757</u>

	As at 31 December		As at 30 September
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
<b>Company</b>			
Within 1 year . . . . .	694,470	866,258	898,700
1-2 years . . . . .	1,502	3,089	3,631
2-3 years . . . . .	1,162	16	403
Over 3 years . . . . .	1,926	1,221	973
	<u>699,060</u>	<u>870,584</u>	<u>903,707</u>

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28. OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Group</b>			
<b>Non-current</b>			
Other payables and accruals			
– Other payable in relation to acquisition (note 37) . . . . .	–	–	69,000
– Other non-current liabilities . . . . .	–	21,217	21,216
– Payroll and welfare payables . . . . .	788	1,048	1,161
	<u>788</u>	<u>22,265</u>	<u>91,377</u>
<b>Current</b>			
Other payables and accruals			
– Payroll and welfare payables . . . . .	124,693	155,093	148,735
– Other taxes payable . . . . .	145,210	168,140	107,321
– Interest payable . . . . .	1,350	2,256	1,758
– Other current liabilities . . . . .	103,657	95,363	30,447
– Others . . . . .	4,005	15,033	12,106
	<u>378,915</u>	<u>435,885</u>	<u>300,367</u>

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>The Company</b>			
<b>Current</b>			
Other payables and accruals			
– Payroll and welfare payables . . . . .	38,106	44,359	31,031
– Other taxes payable . . . . .	29,080	29,630	7,604
– Interest payable . . . . .	1,350	2,256	1,757
– Amount due to subsidiaries (Note a) . . . . .	650,643	1,418,259	3,045,031
– Other current liabilities . . . . .	103,657	95,331	30,123
– Others . . . . .	320	2,726	1,454
	<u>823,156</u>	<u>1,592,561</u>	<u>3,117,000</u>

Note:

(a) Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

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**29. CONTRACT LIABILITIES**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>The Group</b>			
Contract liabilities			
– Advance on sales of products . . . . .	4,512	1,466	2,127
– Advance for development and sales of moulds . . . . .	109,992	96,720	138,276
	<u>114,504</u>	<u>98,186</u>	<u>140,403</u>

When the Group receives deposits from customers for the sales of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposits. The increase in the contract liabilities as at 31 December 2023 and 2024 and 30 September 2025 was primarily the result of entering into additional customer contracts and receiving forward sale deposits by the end of the reporting period.

RMB282,710,000, RMB335,430,000 and RMB148,592,000 of contract liabilities of the Group as of 1 January 2023, 2024 and 2025 has been recognised as revenue for the years ended 31 December 2023 and 2024 and nine months ended 30 September 2025, respectively.

**30. DEFERRED INCOME**

**The Group**

	<i>RMB'000</i>
At 1 January 2023 . . . . .	73,272
Additions during the year . . . . .	21,548
Release to profit and loss . . . . .	<u>(10,341)</u>
<b>At 31 December 2023 and 1 January 2024 . . . . .</b>	<b>84,479</b>
Additions during the year . . . . .	58,748
Release to profit and loss . . . . .	<u>(11,139)</u>
<b>At 31 December 2024 and 1 January 2025 . . . . .</b>	<b>132,088</b>
Additions during the year . . . . .	1,122
Release to profit and loss . . . . .	<u>(11,308)</u>
At 30 September 2025 . . . . .	<u>121,902</u>

**The Company**

	<i>RMB'000</i>
At 1 January 2023 . . . . .	28,441
Release to profit and loss . . . . .	<u>(3,756)</u>
At 31 December 2023 and 1 January 2024 . . . . .	24,685
Release to profit and loss . . . . .	<u>(2,880)</u>
At 31 December 2024 and 1 January 2025 . . . . .	21,805
Release to profit and loss . . . . .	<u>(2,160)</u>
At 30 September 2025 . . . . .	<u>19,645</u>

It represents the government grants provided by the local government to the subsidiaries of the Company. There are no unfulfilled obligations for the recognized income at the end of reporting date for each of the Track Record Period.

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**31. CONVERTIBLE BONDS**

**The Group**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Liability component as at 1 January . . . . .	–	976,784	1,017,892
Issued during the year . . . . .	960,760	–	–
Interest accrual . . . . .	17,374	45,577	34,529
Interest payment . . . . .	(1,350)	(4,387)	(5,301)
Conversion . . . . .	–	(82)	(200,043)
Closing balance . . . . .	<u>976,784</u>	<u>1,017,892</u>	<u>847,077</u>

The Group had following convertible bonds in the following during the Track Record Period:

Name of bonds	Issuance Amount	Issuance date	Maturity dates
Xin23 Convertible Bonds . . . . .	RMB1,160,000,000	2023/8/11	2029/8/10

**XIN23 CONVERTIBLE BONDS**

On 11 August 2023, the Company issued 11,600,000 convertible bonds with a par value of RMB100 each, for an aggregate principal amount of RMB1,160,000,000. The interest rates of the convertible bonds are as follows:

- First year: 0.30%
- Second year: 0.50%
- Third year: 1.00%
- Fourth year: 1.50%
- Fifth year: 2.00%
- Sixth year: 3.00%

The Convertible bonds will be mature in six years from the issuance date and can be convertible to ordinary shares of the Company at the holder’s option at the conversion price of RMB51.35 per share during the period from 19 February 2024 to the maturity date of the convertible bonds, but subject to the adjustment following the conversion terms if the Company triggers anti-dilution provisions. As at 31 December 2024 and 30 September 2025, the adjusted conversion rate for the New 23 Convertible Bonds was RMB51.05 and RMB50.75 per share, respectively.

Pursuant to the document of the convertible bonds, if the closing prices of the Group’s A-shares are lower than 70% (inclusive) of the current conversion price for at least 30 trading days, the holders of the convertible bond have the right to redeem all or part of the outstanding convertible bonds at their par value plus the current accrued interest.

Pursuant to the document of the convertible bonds, if the closing prices of the Group’s A-shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Group has the right to redeem all or part of the outstanding convertible bonds at their par value plus the current accrued interest.

Management considered that the fair value of these redemption options of the company and the bond holders at their initial recognition and at the end of each report period are insignificant.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the convertible bonds. The remainder of the proceeds is allocated to the conversion option and recognized in other equity instruments, net of income tax, and not subsequently remeasured. The effective interest rate of convertible bonds is 4.49%.

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For the years ended 31 December 2023 and 2024 and for the period ended 30 September 2025, the convertible bonds with principal amount of RMBNil, RMB94,000 and RMB222,133,000 were converted into Nil, 1,825 and 4,376,768 the shares of the Company, respectively. As a result of the conversion, the capital reserve of RMBNil, RMB94,382 and RMB231,687,719 were recognized and the other equity instrument of RMBNil, RMB15,246 and RMB36,027,782 were derecognized for the years ended 31 December 2023 and 2024 and for the period 30 September 2025, respectively.

***Subsequent redemption of convertible bonds***

Pursuant to the A-Share public announcement dated 24 October 2025, the conditional redemption clause pertaining to the convertible bonds were triggered. The Company’s Board of Directors approved the resolution for the exercise of the right of early redemption of the “Xin23 Convertible Bonds” to redeem all the outstanding convertible bonds as recorded in the register on the redemption registration date 30 October 2025.

**32. BORROWINGS**

**The Group**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
<b>Current portion</b>			
Unsecured borrowing ( <i>note (a)</i> ) . . . . .	631,029	741,989	825,538
Secured borrowings ( <i>note (b), (c) and (d)</i> ) . . . . .	58,460	11,955	36,365
	<u>689,489</u>	<u>753,944</u>	<u>861,903</u>
<b>Non-current portion</b>			
Unsecured borrowing ( <i>note (a)</i> ) . . . . .	320,000	617,000	962,550
Secured borrowings ( <i>note (b), (c) and (d)</i> ) . . . . .	148,288	294,628	264,368
	<u>468,288</u>	<u>911,628</u>	<u>1,226,918</u>
Total borrowings . . . . .	<u>1,157,777</u>	<u>1,665,572</u>	<u>2,088,821</u>
Loan interest at rate per annum in the range of . . . . .	<u>2.50%-4.29%</u>	<u>2.30%-3.50%</u>	<u>2.10%-3.50%</u>

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000 (Unaudited)
On demand or within one year . . . . .	689,489	753,944	861,903
More than one year, but not exceeding two years . . . . .	331,660	669,810	1,016,420
More than two years, but not exceeding five years . . . . .	69,140	208,830	194,760
More than five years . . . . .	67,488	32,988	15,738
	<u>1,157,777</u>	<u>1,665,572</u>	<u>2,088,821</u>

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**The Company**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>Current portion</b>			
Unsecured borrowing ( <i>note (a)</i> ) . . . . .	631,029	741,989	801,534
<b>Non-current portion</b>			
Secured borrowings ( <i>note (b), (c) and (d)</i> ) . . . . .	320,000	617,000	962,550
	320,000	617,000	962,550
Total borrowings . . . . .	951,029	1,358,989	1,764,084
Loan interest at rate per annum in the range of . .	2.50%-3.50%	2.30%-2.80%	2.10%-2.45%

*Notes:*

- (a) As at 31 December 2023, 2024 and 30 September 2025, the Group has unutilised facilities of RMB2,288,600,000, RMB3,681,000,000 and RMB4,460,450,000 respectively.
- (b) As at 31 December 2023, PPE and land use right of approximately RMB191,290,000 was pledged for bank borrowing.
- (c) As at 31 December 2024, land use right of approximately RMB45,180,000 was pledged for bank borrowing.
- (d) As at 31 December 2023 and 2024, and 30 September 2025, certain borrowings were subject to financial covenants. The Group complied with the financial covenants of its bank borrowings during the reporting periods presented.

**33. SHARE CAPITAL**

	Number of registered, issued and fully paid ordinary shares	Amount
	'000	RMB'000
<b>The Group and Company</b>		
Ordinary shares of RMB1.00 each		
As at 1 January 2023, 31 December 2023 and 1 January 2024 . . . . .	487,302	487,302
Exercise conversion right of convertible bond ( <i>note</i> ) . . . . .	2	2
As at 31 December 2024 and 1 January 2025 . . . . .	487,304	487,304
Exercise conversion right of convertible bond ( <i>note</i> ) . . . . .	4,377	4,377
As at 30 September 2025 . . . . .	491,681	491,681

*Note:* For the year ended 31 December 2024 and for the period ended 30 September 2025, the increase in share capital for Company was attributable to the cumulative conversion of convertible bonds, resulting in the issuance of 1,825 shares and increase in capital reserve of RMB94,825 and 4,377 shares and increase in capital reserve of RMB231,687,720, respectively.

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34. RESERVES

Reserve movement of the Group:

	Capital reserve	Surplus reserve	Treasury shares	Exchange reserve	Other equity instruments	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (d)	Note (c)			
As at 1 January 2023 . . . . .	2,108,122	149,538	–	11,033	–	1,323,408	3,592,101
Profit for the year . . . . .	–	–	–	–	–	805,532	805,532
Issuance of the convertible bond . . . . .	–	–	–	–	188,141	–	188,141
Dividend . . . . .	–	–	–	–	–	(146,191)	(146,191)
Currency translation differences . . . . .	–	–	–	30,566	–	–	30,566
Transferred to statutory reserve . . . . .	–	34,676	–	–	–	(34,676)	–
As at 31 December 2023 and 1 January 2024 . . . . .	2,108,122	184,214	–	41,599	188,141	1,948,073	4,470,149
Profit for the year . . . . .	–	–	–	–	–	976,636	976,636
Repurchase of shares . . . . .	–	–	119,991	–	–	–	119,991
Employee stock ownership plan . . . . .	–	–	(119,991)	–	–	–	(119,991)
Dividend . . . . .	–	–	–	–	–	(146,191)	(146,191)
Currency translation differences . . . . .	–	–	–	(182,386)	–	–	(182,386)
Transferred to statutory reserve . . . . .	–	39,228	–	–	–	(39,228)	–
Exercise conversion right of convertible bonds . . . . .	95	–	–	–	(15)	–	80
As at 31 December 2024 and 1 January 2025 . . . . .	2,108,217	223,442	–	(140,787)	188,126	2,739,290	5,118,288
Profit for the period . . . . .	–	–	–	–	–	622,599	622,599
Dividend . . . . .	–	–	–	–	–	(146,191)	(146,191)
Currency translation differences . . . . .	–	–	–	160,798	–	–	160,798
Exercise conversion right of convertible bonds . . . . .	231,688	–	–	–	(36,028)	–	195,660
Transaction with non- controlling interest . . . . .	(69,000)	–	–	–	–	–	(69,000)
As at 30 September 2025 (Unaudited) . . . . .	<u>2,270,905</u>	<u>223,442</u>	<u>–</u>	<u>20,011</u>	<u>152,098</u>	<u>3,215,698</u>	<u>5,882,154</u>

Description of the Group’s reserves as below:

(a) Capital Reserve:

The amount mainly represents capital contribution in excess of nominal value of share capital.

(b) Surplus reserve:

In accordance with the articles of association of the Company and subsidiaries established in the PRC, the Company and these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional capital of the Company and the subsidiaries.

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(c) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of entities with functional currency other than RMB into presentation currency of the Company.

(d) Treasury reserve:

Pursuant to the board resolution dated 29 April 2024, the Board approved the establishment of the Phase III Employee Stock Ownership Plan (the “ESOP”) (第三期員工持股計劃). Participation in the plan is conducted on a voluntary, self-funded and risk-bearing basis in accordance with applicable laws and regulations.

During the year ended 31 December 2024, the Company repurchased 2,815,720 of its own ordinary shares on the open market for a total consideration of approximately RMB119,991,000. Subsequently, the Company sold 2,815,720 A shares held by the Company to the ESOP for the same total consideration of approximately RMB119,991,000.

**35. DIVIDENDS**

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>Ordinary A shares</b>			
Final dividends in respect of the previous year, declared or paid during the year/period (tax inclusive) . . . . .	146,191	146,191	N/A

The final dividends of RMB0.3, RMB0.3 per shares (tax inclusive) in respect of the years ended 31 December 2023 and 2024 were approved by the Annual General Meeting of the Company.

**36. PLEDGED ASSETS**

At the end of each reporting period, the Group’s certain assets have been pledged to secure borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each reporting period are as follows:

	As at 31 December		As at 30 September
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment ( <i>note (a)</i> ) . . . . .	177,181	–	–
Right of use assets ( <i>note (b)</i> ) . . . . .	41,809	47,398	47,398
Trade and bills receivables ( <i>note (c)</i> ) . . . . .	358,700	466,660	484,782
Restricted cash and cash equivalents ( <i>note (d)</i> ) . .	224,389	195,414	210,229
	<u>802,079</u>	<u>709,472</u>	<u>742,409</u>

*Notes:*

- (a) As at 31 December 2023, the Group has pledged its property, plant, and equipment (PPE) with a carrying amount of approximately RMB177,181,000 for bank borrowing.
- (b) As of December 31, 2023, 2024, and September 30, 2025, the Group has pledged its land use rights with carrying amounts of approximately RMB41,809,000, RMB47,398,000, and RMB47,397,000 for bank borrowing, respectively.

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- (c) As of 31 December 2023, 31 December 2024, and 30 September 2025, accounts receivable financing amounting to RMB358,700,000, RMB195,414,000, and RMB484,782,000, respectively, were pledged to banks as collateral for the issuance of bank acceptance bills.
- (d) As of 31 December 2023, 31 December 2024, and 30 September 2025, cash and bank balances amounting to RMB224,389,000, RMB195,414,000, and RMB210,229,000, respectively, were to banks as collateral in connection with the issuance of bank acceptance bills.

37. BUSINESS COMBINATION

On 19 March 2025, the Group entered into a share transfer agreement to acquire the 70% equity interest of 安徽瑞琪汽車零部件有限公司 (“安徽瑞琪”) from an independent third parties 蕪湖瑞琪企業管理諮詢合夥企業(有限合夥) (“蕪湖瑞琪”) and 安徽鑫富盛企業管理諮詢有限公司 (“鑫富盛”), at a total purchase consideration of RMB161,000,000. 安徽瑞琪 is engaged in the manufacturing of automotive parts and accessories, relevant technical services, leasing services and import and export of goods.

This transaction had been accounted for as acquisition of business using the acquisition method. Acquisition-related costs, which were immaterial, are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

The fair values of the identifiable assets and liabilities of 安徽瑞琪 as at the date of acquisition are as follows:

	<i>RMB'000</i>
Property, plant and equipment . . . . .	32,725
Intangible assets . . . . .	1,223
Right-of-use asset . . . . .	8,746
Trade and other receivables and prepayments . . . . .	97,007
Inventories . . . . .	13,788
Cash and cash equivalents . . . . .	14,687
Other current assets . . . . .	299
Deferred tax assets . . . . .	2,257
Trade and other payables . . . . .	(116,003)
Deferred tax liabilities . . . . .	(7,430)
Other liabilities . . . . .	(8,414)
Total identifiable net assets . . . . .	38,885
Non-controlling interest . . . . .	(11,665)
<b>Fair value of net assets acquired . . . . .</b>	<b>27,220</b>
Cash consideration paid . . . . .	161,000
Less: fair value of net assets acquired . . . . .	(27,220)
<b>Goodwill . . . . .</b>	<b>133,780</b>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid . . . . .	161,000
Less: cash and bank balances acquired . . . . .	(14,687)
	<b>146,313</b>

The non-controlling interests recognised at the acquisition dates were measured by reference to the proportionate share of recognised amounts of net assets.

The goodwill is attributable to the synergy effects be derived from integration of core competencies across automotive parts manufacturing. It will not be deductible for tax purpose.

Since the acquisition, 安徽瑞琪 contributed to the Group’s revenue of approximately RMB95,206,000 and a loss for the period of approximately of RMB26,924,000 to the overall result of the Group for the nine months ended 30 September 2025.

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If the acquisition had occurred on 1 January 2025, Group’s revenue and profit for the period ended 30 September 2025 would have been approximately of RMB11,459,204,000 and approximately of RMB586,178,000, respectively. This [REDACTED] information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future performance.

Pursuant to the share transfer agreement, the Company and the non-controlling shareholder of 安徽瑞琪 mutually agreed that the Company will acquire the remaining 30% equity interest in 安徽瑞琪 in 2028. The present value of the redemption liability of RMB69,000,000 has been recognised in the consolidated statement of financial position within other payables and accruals as at 30 September 2025, with a corresponding charge directly to equity.

### 38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowings	Convertible Bond	Total
	<i>RMB'000</i> <i>(Note 20)</i>	<i>RMB'000</i> <i>(Note 32)</i>	<i>RMB'000</i> <i>(Note 31)</i>	<i>RMB'000</i>
<b>At 1 January 2023</b> . . . . .	<b>14,438</b>	<b>1,047,595</b>	–	<b>1,062,033</b>
Financing cash inflows . . . . .	–	793,282	960,760	1,754,042
Repayment of borrowings . . . . .	–	(683,100)	–	(683,100)
Principal portion of lease payments . . . . .	(29,301)	–	–	(29,301)
Interest paid . . . . .	(2,182)	(36,052)	(1,350)	(39,584)
Interest expenses . . . . .	2,182	36,052	17,374	55,608
Equity component of convertible bonds . . . . .	–	–	(190,240)	–
Other non-cash movements . . . . .	71,616	–	(190,240)	(118,624)
<b>At 31 December 2023 and 1 January 2024</b> . . . . .	<b>56,753</b>	<b>1,157,777</b>	<b>976,784</b>	<b>2,191,314</b>
Financing cash inflows . . . . .	–	1,648,000	–	1,648,000
Repayment of borrowings . . . . .	–	(1,141,035)	–	(1,141,035)
Principal portion of lease payments . . . . .	(23,135)	–	–	(23,135)
Interest paid . . . . .	(2,255)	(42,724)	(4,387)	(6,642)
Interest expenses . . . . .	2,255	42,724	45,577	45,577
Conversion . . . . .	–	–	(82)	(82)
Other non-cash movements . . . . .	48,955	–	–	48,955
<b>At 31 December 2024 and 1 January 2025</b> . . . . .	<b>82,573</b>	<b>1,665,572</b>	<b>1,017,892</b>	<b>2,766,037</b>
Financing cash inflows . . . . .	–	1,169,004	–	1,169,004
Repayment of borrowings . . . . .	–	(745,965)	–	(745,965)
Principal portion of lease payments . . . . .	(15,054)	–	–	(15,054)
Interest paid . . . . .	(10,865)	(41,943)	(5,301)	(58,109)
Interest expenses . . . . .	10,865	42,153	34,529	87,547
Conversion . . . . .	–	–	(200,043)	(200,043)
Other non-cash movements . . . . .	166,311	–	–	166,311
<b>At 30 September 2025 (Unaudited)</b>	<b>234,596</b>	<b>2,088,821</b>	<b>847,077</b>	<b>3,170,494</b>

### 39. CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly construction in progress. As of 31 December 2023 and 2024 and 30 September 2025, the total amount of our capital commitments was RMB1,636.0 million, RMB1,414.3 million and RMB1,490.0 million, respectively.

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40. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group during the Track Record Period are as follows:

Names of related parties	Relationship
江蘇緯恩復材科技有限公司 . . . . .	Associate of the Group

*Note:* The English names of the related parties registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) *Fee paid to related parties for services/goods*

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Providing services . . . . .	1,037	1,603	1,603	–
Purchase of goods . . . . .	–	3,192	3,192	–
	<u>1,037</u>	<u>4,795</u>	<u>4,795</u>	<u>–</u>

(b) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during each of the reporting period were as follows:

	Years ended 31 December		Nine months ended 30 September	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Directors’ fee . . . . .	300	300	300	300
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans) . .	3,780	4,808	3,822	3,777
Retirement benefit scheme contributions . . . . .	–	–	–	–
	<u>4,080</u>	<u>5,108</u>	<u>4,122</u>	<u>4,077</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

(c) Guarantees and commitments:

As at 31 December 2023, The Company provided financial guarantees amount of RMB610,830,000 to secure borrowings for its wholly owned subsidiaries.

As at 31 December 2024, the Company has provided financial guarantees amount of RMB 660,000,000 to secure borrowings for its wholly-owned subsidiaries.

As at 30 September 2025, the Company provided financial guarantees amount of RMB660,000,000 to secure borrowings for its wholly owned subsidiaries.

**41. EVENTS AFTER TRACK RECORD PERIOD**

In October 2025, the Board of Directors of the Company approved the resolution for the exercise of the right of early redemption of the Xin23 Convertible Bonds to redeem all the outstanding convertible bonds as recorded in the register on the redemption registration.

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 30 September 2025.