

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 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 Joint Sponsors 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 LUXSHARE PRECISION INDUSTRY CO., LTD CITIC SECURITIES (HONG KONG) LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

INTRODUCTION

We report on the historical financial information of Luxshare Precision Industry Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of financial position as at 31 December 2022, 2023, 2024 and 30 September 2025 (the “**Relevant Periods**”), and the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 30 September 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “**Document**”) in connection with the [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 2.1 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’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants

APPENDIX I

ACCOUNTANTS’ REPORT

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 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s financial position as at 31 December 2022, 2023, 2024 and 30 September 2025, the Group’s financial position as at 31 December 2022, 2023, 2024 and 30 September 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (together the “**Stub Period Comparative Historical Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative 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 Note 2.1 to the Historical Financial Information.

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

Adjustments

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

APPENDIX I

ACCOUNTANTS' REPORT

Dividends

We refer to Note 50 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[BDO Limited]

Certified Public Accountants

[•]

Practicing Certificate no. [•]

Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with International Standards on Auditing issued by the 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.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6	214,028,394	231,905,460	268,794,738	177,176,885	220,914,628
Cost of sales	7	(188,542,117)	(206,167,687)	(241,725,138)	(156,838,764)	(194,859,579)
Gross profit		25,486,277	25,737,773	27,069,600	20,338,121	26,055,049
Other income	9	631,069	912,857	1,046,027	599,034	696,654
Other (losses)/gains, net	10	(313,556)	(221,658)	1,847,996	761,853	2,261,138
Impairment losses under expected credit loss model, net of reversal	11	(47,182)	23,274	(10,088)	8,133	(79,310)
Selling expenses	7	(831,398)	(889,024)	(1,059,677)	(753,469)	(1,043,997)
General and administrative expenses	7	(5,581,209)	(6,162,485)	(7,052,941)	(4,740,493)	(7,174,978)
Research and development expenses	7	(8,447,039)	(8,188,768)	(8,555,957)	(6,997,131)	(8,170,442)
Operating profit		10,896,962	11,211,969	13,284,960	9,216,048	12,544,114
Finance income	12	504,344	1,005,581	968,280	793,164	836,250
Finance cost	12	(1,038,071)	(1,376,870)	(1,462,653)	(1,120,676)	(1,419,636)
Finance costs—net	12	(533,727)	(371,289)	(494,373)	(327,512)	(583,386)
Share of profits of associates		770,982	2,028,502	3,301,007	1,632,839	2,250,613
Share of profits of joint ventures		23,778	15,860	17,145	10,959	16,913
Profit before income tax		11,157,995	12,885,042	16,108,739	10,532,334	14,228,254
Income tax expense	13	(667,318)	(641,829)	(1,529,695)	(745,623)	(1,500,025)
Profit for the year		10,490,677	12,243,213	14,579,044	9,786,711	12,728,229
Other comprehensive income for the year						
<i>Items that may be reclassified subsequently to profit or loss, net of tax:</i>						
Change in foreign currency translation of the financial statements of the subsidiaries of the Company		516,331	(348,884)	(685,809)	(435,336)	(823,157)
Share of other comprehensive income of investment in associates		—	—	—	—	892
Gain/(loss) of cash flow hedge		—	—	—	—	56,306
<i>Items that may not be reclassified subsequently to profit or loss, net of tax:</i>						
Fair value changes of financial assets at fair value through other comprehensive income		131,579	(142,657)	(71,081)	(78,526)	110,656
Other comprehensive income/(loss) for the year, net of tax		647,910	(491,541)	(756,890)	(513,862)	(655,303)

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Total comprehensive income for the year.		11,138,587	11,751,672	13,822,154	9,272,849	12,072,926
Profit for the year attributable to:						
Owners of the Company		9,163,105	10,952,657	13,365,651	9,074,955	11,518,291
Non-controlling interests		1,327,572	1,290,556	1,213,393	711,756	1,209,938
		10,490,677	12,243,213	14,579,044	9,786,711	12,728,229
Total comprehensive income for the year attributable to:						
Owners of the Company		9,850,365	10,487,744	12,551,402	8,573,255	10,822,418
Non-controlling interests		1,288,222	1,263,928	1,270,752	699,594	1,250,508
Profit and total comprehensive income for the year attributable to the equity holders of the Company.		11,138,587	11,751,672	13,822,154	9,272,849	12,072,926
Earnings per share attributable to owners of the Company (<i>in RMB</i>)						
Basic (<i>RMB per share</i>)	14	1.29	1.54	1.86	1.26	1.59
Diluted (<i>RMB per share</i>)	14	1.28	1.52	1.85	1.25	1.56

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at
		2022	2023	2024	30 September
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment (“PPE”).	18	47,944,920	47,803,519	54,783,290	68,802,418
Investment properties	19	92,782	23,354	35,665	36,686
Intangible assets	22	497,297	450,310	430,451	1,556,245
Right-of-use assets	20	2,727,531	2,435,194	2,816,641	4,963,446
Goodwill	21	1,730,047	1,729,243	1,885,827	2,214,487
Deferred tax assets	23	1,208,582	872,944	817,693	2,317,887
Prepayments and other receivables	30	1,676,260	1,568,638	1,695,904	2,621,682
Investment in associates	16	1,880,941	4,100,064	7,343,629	10,037,554
Investment in joint ventures	17	119,067	132,878	144,667	157,564
Financial assets at fair value through other comprehensive income (“FVTOCI”).	28	440,107	249,122	112,765	224,125
Financial assets at fair value through profit or loss (“FVTPL”).	27	35,700	35,700	39,312	41,548
Term deposits	32	1,739,252	8,363,006	15,176,496	10,378,936
Total non-current assets.		60,092,486	67,763,972	85,282,340	103,352,578
Current assets					
Inventories	24	37,265,651	29,407,482	31,487,096	51,578,965
Contract fulfillment costs.	25	97,679	350,449	215,580	417,808
Income tax recoverable		69,528	61,579	66,691	197,939
Trade and note receivables	31	26,993,122	23,765,555	32,910,872	51,993,186
Prepayments and other receivables	30	3,037,925	2,957,840	3,790,796	5,284,856
Financial assets at fair value through other comprehensive income	28	—	587,585	1,106,284	1,782,061
Financial assets at fair value through profit or loss	27	1,353,267	1,720,764	1,403,111	3,335,263
Derivative Financial Instruments	29	—	—	—	98,373
Restricted bank deposits	32	2,054,791	3,935,387	1,092,553	2,239,868
Term deposits	32	107,450	1,757,335	19,205,160	25,773,824
Cash and cash equivalents	32	17,312,418	29,684,152	47,267,103	54,207,158
Total current assets		88,291,831	94,228,128	138,545,246	196,909,301
Total assets		148,384,317	161,992,100	223,827,586	300,261,879

APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	As at 31 December			As at
		2022	2023	2024	30 September
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
LIABILITIES					
Current liabilities					
Trade and note payables	34	44,424,833	42,498,591	57,712,870	82,603,046
Other payables and accruals	35	9,318,474	7,229,761	12,493,850	13,469,435
Contract liabilities	6	501,765	243,567	262,508	837,582
Borrowings	33	15,740,739	23,202,679	37,415,654	68,640,430
Lease liabilities	20	179,282	129,208	153,947	598,429
Income tax payable		357,553	561,049	640,604	1,265,583
Convertible bonds	36	224,131	49,592	—	—
Short-term financing bills	38	3,840,115	802,722	5,039,812	3,216,283
Financial liabilities at fair value through profit or loss	39	44,318	117,942	155,279	458,097
Derivative Financial Instruments	29	—	—	—	30,824
Long term payable		—	—	—	59,433
Total current liabilities		74,631,210	74,835,111	113,874,524	171,179,142
Net current assets		13,660,621	19,393,017	24,670,722	25,730,159
Total assets less current liabilities.		73,753,107	87,156,989	109,953,062	129,082,737
Non-current liabilities					
Borrowings	33	9,205,313	12,038,771	19,619,742	16,910,745
Convertible bonds	36	2,689,624	2,799,500	3,305,437	3,427,254
Medium-term notes	37	—	—	—	3,039,198
Lease liabilities	20	800,739	552,489	727,983	2,224,677
Deferred tax liabilities	23	1,606,645	883,925	955,821	1,429,010
Deferred income	40	665,910	595,324	649,109	1,026,476
Other payables and accruals	35	1,007	2,115	7,845	1,942,238
Long term payables		—	—	—	40,715
Total non-current liabilities		14,969,238	16,872,124	25,265,937	30,040,313
Total liabilities		89,600,448	91,707,235	139,140,461	201,219,455
Net assets		58,783,869	70,284,865	84,687,125	99,042,424
Capital and reserves					
Share capital	41	7,099,909	7,148,168	7,236,462	7,270,606
Other equity instrument	36	527,320	527,289	527,271	527,195
Reserves	42	4,775,793	6,458,992	9,165,942	10,711,153
Other comprehensive income		651,459	148,763	(703,805)	(1,489,306)
Cash Flow Hedge Reserve		—	—	—	46,683
Retained earnings		32,288,416	42,026,973	53,101,140	63,210,323
Capital and reserves attributable to owners of the Company		45,342,897	56,310,185	69,327,010	80,276,654
Non-controlling interests		13,440,972	13,974,680	15,360,115	18,765,770
Total equity		58,783,869	70,284,865	84,687,125	99,042,424

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at
		2022	2023	2024	30 September
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	18	162,932	159,916	145,782	234,419
Intangible assets	22	84,161	82,966	100,371	108,616
Right-of-use assets	20	288,693	266,348	255,648	234,662
Goodwill	21	53,174	53,174	53,174	53,174
Deferred tax assets	23	5,788	—	10,399	—
Prepayments and other receivables	29	2,466	4,943	164,254	115,312
Investment in associates	16	237,534	325,340	291,167	282,333
Investment in subsidiaries	15	22,095,549	23,276,659	24,735,538	29,472,472
Financial assets at fair value through other comprehensive income	28	436,417	244,727	108,337	201,755
Financial assets at fair value through profit or loss	27	614,490	570,000	570,000	570,000
Term deposits	32	509,575	894,932	6,170,309	5,702,337
Total non-current assets.		<u>24,490,779</u>	<u>25,879,005</u>	<u>32,604,979</u>	<u>36,975,080</u>
Current assets					
Inventories	24	365,124	306,260	379,489	524,360
Income tax recoverable		4,893	—	—	—
Trade and note receivables	31	6,227,238	5,250,822	4,266,441	5,520,874
Prepayments and other receivables	30	6,949,347	15,225,310	31,571,933	41,079,086
Financial assets at fair value through other comprehensive income	28	—	5,120	10,673	24,670
Financial assets at fair value through profit or loss	27	425,161	339,581	219,657	943,686
Restricted bank deposits	32	9,338	1,200,500	—	10
Term deposits	32	—	106,998	—	3,793,667
Cash and cash equivalents	32	2,461,536	4,163,379	5,038,282	1,975,426
Total current assets		<u>16,442,637</u>	<u>26,597,970</u>	<u>41,486,475</u>	<u>53,861,779</u>
Total assets		<u><u>40,933,416</u></u>	<u><u>52,476,975</u></u>	<u><u>74,091,454</u></u>	<u><u>90,836,859</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Notes	As at 31 December			As at
		2022	2023	2024	30 September
		RMB'000	RMB'000	RMB'000	2025
				RMB'000	
LIABILITIES					
Current liabilities					
Trade and note payables	34	5,503,169	5,478,122	11,733,288	16,132,953
Other payables and accruals	35	1,656,880	6,182,652	8,115,496	6,421,183
Contract liabilities	6	11,694	11,589	14,096	6,618
Borrowings	33	1,360,902	3,938,424	3,628,517	18,023,534
Lease liabilities	20	17,709	18,610	21,496	14,770
Short-term financing bills	38	3,840,115	802,722	5,039,812	3,216,283
Financial liabilities at fair value through profit or loss	39	12,959	—	—	—
Total current liabilities		12,403,428	16,432,119	28,552,705	43,815,341
Net current assets		4,039,209	10,165,851	12,933,770	10,046,438
Total assets less current liabilities.		28,529,988	36,044,856	45,538,749	47,021,518
Non-current liabilities					
Borrowings	33	5,645,156	9,676,736	17,377,322	13,235,491
Convertible bond	36	2,689,624	2,799,500	2,878,039	6,011,759
Lease liabilities	20	45,690	27,210	19,970	10,132
Deferred tax liabilities	23	60,231	19,507	—	3,765
Deferred income	40	5,766	3,619	2,026	832
Total non-current liabilities		8,446,467	12,526,572	20,277,357	19,261,979
Total liabilities		20,849,895	28,958,691	48,830,062	63,077,320
Net assets		20,083,521	23,518,284	25,261,392	27,759,539
Capital and reserves					
Share capital	41	7,099,909	7,148,168	7,236,462	7,270,606
Other equity instrument	36	527,320	527,289	527,271	527,195
Reserves	42	5,190,718	6,747,952	9,063,519	10,320,445
Other comprehensive income		294,992	113,698	4,347	72,109
Retained earnings		6,970,582	8,981,177	8,429,793	9,569,184
Total equity		20,083,521	23,518,284	25,261,392	27,759,539

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Other equity instrument	Reserves	Other Comprehensive Income	Retained earnings	Subtotal	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	7,050,485	527,358	3,705,876	(35,801)	24,040,637	35,288,555	10,494,089	45,782,644
Comprehensive income								
Profit for the year	—	—	—	—	9,163,105	9,163,105	1,327,572	10,490,677
Other comprehensive income	—	—	—	687,260	—	687,260	(39,350)	647,910
Total comprehensive income for the year	—	—	—	687,260	9,163,105	9,850,365	1,288,222	11,138,587
Transactions with owners								
Exercise of share incentive scheme-Employee								
Stock Options	49,420	—	517,203	—	—	566,623	1,030,300	1,596,923
Exercise conversion right of convertible bonds	4	(38)	213	—	—	179	—	179
Share-based payment expense	—	—	431,726	—	—	431,726	55,655	487,381
Changes in the Group’s ownership interest in existing investment	—	—	(16,212)	—	—	(16,212)	261,198	244,986
Profit appropriations to statutory reserve	—	—	135,911	—	(135,911)	—	—	—
Appropriation of special reserves	—	—	1,076	—	—	1,076	—	1,076
Appropriation for Employee Benefits	—	—	—	—	(144)	(144)	—	(144)
Acquisition of not wholly owned subsidiaries	—	—	—	—	—	—	330,594	330,594
Dividends	—	—	—	—	(779,271)	(779,271)	(19,086)	(798,357)
Total transactions with owners in their capacity as owners for the year	49,424	(38)	1,069,917	—	(915,326)	203,977	1,658,661	1,862,638
As at 31 December 2022	<u>7,099,909</u>	<u>527,320</u>	<u>4,775,793</u>	<u>651,459</u>	<u>32,288,416</u>	<u>45,342,897</u>	<u>13,440,972</u>	<u>58,783,869</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Share capital	Other equity instrument	Reserves	Other Comprehensive Income	Retained earnings	Subtotal	Non-controlling interest	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>	<i>RMB'000</i>
As at 1 January 2023	7,099,909	527,320	4,775,793	651,459	32,288,416	45,342,897	13,440,972	58,783,869
Comprehensive income								
Profit for the year	—	—	—	—	10,952,657	10,952,657	1,290,556	12,243,213
Other comprehensive income	—	—	—	(464,913)	—	(464,913)	(26,628)	(491,541)
Total comprehensive income for the year	—	—	—	(464,913)	10,952,657	10,487,744	1,263,928	11,751,672
Transactions with owners								
Exercise of share incentive scheme-Employee								
Stock Options	48,256	—	498,442	—	—	546,698	—	546,698
Exercise conversion right of convertible bonds	3	(31)	170	—	—	142	—	142
Share-based payment expense	—	—	744,409	—	—	744,409	59,698	804,107
Changes in the Group’s ownership interest in existing investment	—	—	116,298	—	—	116,298	(676,026)	(559,728)
Profit appropriations to statutory reserve	—	—	322,447	—	(322,447)	—	—	—
Appropriation of special reserves	—	—	1,433	—	—	1,433	520	1,953
Disposal of financial asset at FVTOCI	—	—	—	(37,783)	35,516	(2,267)	—	(2,267)
Appropriation for Employee Benefits	—	—	—	—	(221)	(221)	—	(221)
Dividends	—	—	—	—	(926,948)	(926,948)	(114,412)	(1,041,360)
Total transactions with owners in their capacity as owners for the year	48,259	(31)	1,683,199	(37,783)	(1,214,100)	479,544	(730,220)	(250,676)
As at 31 December 2023	7,148,168	527,289	6,458,992	148,763	42,026,973	56,310,185	13,974,680	70,284,865

APPENDIX I

ACCOUNTANTS’ REPORT

	Share capital	Other equity instrument	Reserves	Other Comprehensive Income	Retained earnings	Subtotal	Non-controlling interest	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>	<i>RMB'000</i>
As at 1 January 2024	7,148,168	527,289	6,458,992	148,763	42,026,973	56,310,185	13,974,680	70,284,865
Comprehensive income								
Profit for the year	—	—	—	—	13,365,651	13,365,651	1,213,393	14,579,044
Other comprehensive income	—	—	—	(814,249)	—	(814,249)	57,359	(756,890)
Total comprehensive income for the year	—	—	—	(814,249)	13,365,651	12,551,402	1,270,752	13,822,154
Transactions with owners								
Exercise of share incentive scheme-Employee								
Stock Options	88,292	—	1,719,094	—	—	1,807,386	—	1,807,386
Exercise conversion right of convertible bonds	2	(18)	8,913	—	—	8,897	20,120	29,017
Share-based payment expense	—	—	414,926	—	—	414,926	45,542	460,468
Changes in the Group’s ownership interest in								
existing investment	—	—	391,349	—	—	391,349	149,719	541,068
Profit appropriations to statutory reserve	—	—	174,000	—	(174,000)	—	—	—
(Usage)/appropriation of special reserves	—	—	(1,332)	—	—	(1,332)	980	(352)
Appropriation for Employee Benefits	—	—	—	—	(101)	(101)	—	(101)
Disposal of financial asset at FVTOCI	—	—	—	(38,319)	36,020	(2,299)	—	(2,299)
Dividends	—	—	—	—	(2,153,403)	(2,153,403)	(101,678)	(2,255,081)
Total transactions with owners in their capacity as owners for the year	88,294	(18)	2,706,950	(38,319)	(2,291,484)	465,423	114,683	580,106
As at 31 December 2024	7,236,462	527,271	9,165,942	(703,805)	53,101,140	69,327,010	15,360,115	84,687,125

APPENDIX I

ACCOUNTANTS’ REPORT

	Share capital	Other equity instrument	Reserves	Other Comprehensive Income	Cash Flow Hedge Reserve	Retained earnings	Subtotal	Non-controlling interest	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>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	7,148,168	527,289	6,458,992	148,763	—	42,026,973	56,310,185	13,974,680	70,284,865
Comprehensive income									
Profit for the year	—	—	—	—	—	9,074,955	9,074,955	711,756	9,786,711
Other comprehensive income	—	—	—	(501,700)	—	—	(501,700)	(12,162)	(513,862)
Total comprehensive income for the year	—	—	—	(501,700)	—	9,074,955	8,573,255	699,594	9,272,849
Transactions with owners									
Exercise of share incentive scheme-Employee Stock Options.	74,091	—	1,348,588	—	—	—	1,422,679	—	1,422,679
Exercise conversion right of convertible bonds	—	(3)	28,715	—	—	—	28,712	20,054	48,766
Share-based payment expense	—	—	232,820	—	—	—	232,820	79,341	312,161
Changes in the Group’s ownership interest in existing investment	—	—	240,156	—	—	—	240,156	121,983	362,139
(Usage)/appropriation of special reserves	—	—	(1,718)	—	—	—	(1,718)	1,064	(654)
Dividends	—	—	—	—	—	(2,153,402)	(2,153,402)	(56,340)	(2,209,742)
Total transactions with owners in their capacity as owners for the year	74,091	(3)	1,848,561	—	—	(2,153,402)	(230,753)	166,102	(64,651)
As at 30 September 2024	<u>7,222,259</u>	<u>527,286</u>	<u>8,307,553</u>	<u>(352,937)</u>	<u>—</u>	<u>48,948,526</u>	<u>64,652,687</u>	<u>14,840,376</u>	<u>79,493,063</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Share capital	Other equity instrument	Reserves	Other Comprehensive Income	Cash Flow Hedge Reserve	Retained earnings	Subtotal	Non-controlling interest	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>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	7,236,462	527,271	9,165,942	(703,805)	—	53,101,140	69,327,010	15,360,115	84,687,125
Comprehensive income									
Profit for the year	—	—	—	—	—	11,518,291	11,518,291	1,209,938	12,728,229
Other comprehensive income	—	—	—	(742,556)	46,683	—	(695,873)	40,570	(655,303)
Total comprehensive income for the year	—	—	—	(742,556)	46,683	11,518,291	10,822,418	1,250,508	12,072,926
Transactions with owners									
Exercise of share incentive scheme-Employee Stock Options.	34,136	—	906,826	—	—	—	940,962	—	940,962
Exercise conversion right of convertible bonds	8	(76)	423	—	—	—	355	—	355
Share-based payment expense	—	—	341,329	—	—	—	341,329	64,775	406,104
Changes in the Group’s ownership interest in existing investment	—	—	286,624	—	—	—	286,624	2,185,587	2,472,211
(Usage)/appropriation of special reserves	—	—	10,009	—	—	—	10,009	8,895	18,904
Disposal of financial asset at FVTOCI	—	—	—	(42,945)	—	40,368	(2,577)	—	(2,577)
Dividends	—	—	—	—	—	(1,449,476)	(1,449,476)	(104,110)	(1,553,586)
Total transactions with owners in their capacity as owners for the year	34,144	(76)	1,545,211	(42,945)	—	(1,409,108)	127,226	2,155,147	2,282,373
As at 30 September 2025	<u>7,270,606</u>	<u>527,195</u>	<u>10,711,153</u>	<u>(1,489,306)</u>	<u>46,683</u>	<u>63,210,323</u>	<u>80,276,654</u>	<u>18,765,770</u>	<u>99,042,424</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	As of 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before income tax		11,157,995	12,885,042	16,108,739	10,532,334	14,228,254
Adjustments for:						
Provision/(reversal) of impairment under expected credit losses (“ECL”) model	11	47,182	(23,274)	10,088	(8,133)	79,310
Provision for inventories and contract fulfillment costs	7	613,237	1,126,386	915,720	433,726	782,613
Impairment loss on investment in an associate	10	—	—	36,411	—	—
Impairment loss on PPE	10	233,585	191,676	293,338	87,427	80,860
Impairment loss on intangible assets	10	—	—	—	—	119
Impairment loss for goodwill	10	—	804	—	—	—
Depreciation of PPE and investment properties	7	7,629,219	10,087,063	10,648,188	7,538,582	9,467,728
Depreciation of right-of-use assets . .	7	227,430	239,192	308,437	230,893	514,982
Amortization of intangible assets . .	7	112,306	170,329	191,985	143,988	318,857
Gain on disposal of/written off PPE, intangible assets and right-of-use assets	10	(40,398)	(106,350)	(1,583)	(23,478)	(6,364)
Change in fair value of financial assets/liabilities at FVTPL	10	(594,288)	(678,346)	(1,951,100)	(1,261,228)	(1,903,018)
Interest expenses	12	1,038,071	1,376,870	1,462,653	1,120,676	1,419,636
Share of profits of associates		(770,982)	(2,028,502)	(3,301,007)	(1,632,839)	(2,250,613)
Share of profits of joint ventures . . .		(23,778)	(15,860)	(17,145)	(10,959)	(16,913)
Gain on disposal/derecognition of subsidiaries and associates	10	(22,801)	—	(10,019)	(4,355)	3,525
Dividend income on holding financial assets at FVTOCI	10	(212)	(265)	—	—	—
Loss on disposal of financial assets .	10	400,156	741,343	795,497	602,909	395,717
Share-based payment expense		487,381	804,107	460,468	312,161	406,104
Gain on bargain purchase	10	—	—	—	—	(479,317)
Exchange (gain)/loss	10	(485,708)	(438,031)	(759,584)	163,132	352,663
Operating cash flow before movements in working capital . . .		20,008,395	24,332,184	25,191,086	18,224,836	23,394,143
(Increase)/decrease in inventories and contract fulfillment costs . . .		(17,904,257)	5,680,118	(2,687,732)	(12,240,905)	(13,321,886)
(Increase)/decrease in trade and note receivables		5,403,817	2,095,822	(9,976,802)	(14,996,803)	7,329,935
(Increase)/decrease in prepayments and other receivables		166,954	(82,136)	(309,915)	(7,982,250)	12,493,102
Increase/(decrease) in trade and note payables		3,545,333	(2,484,561)	14,807,332	18,136,475	(10,320,706)

APPENDIX I

ACCOUNTANTS’ REPORT

<i>Notes</i>	As of 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
(Decrease)/increase in contract liabilities	232,100	(258,199)	17,278	158,158	434,395
Increase/(decrease) in other payables and accruals	564,122	92,173	256,074	6,077,421	(9,068,795)
Increase of restricted cash	1,200,000	(1,100,000)	800,000	—	(6,690,400)
Increase/(decrease) in deferred income	127,353	(70,586)	44,928	20,496	60,597
Cash generated from operations . . .	13,343,817	28,204,815	28,142,249	7,397,428	4,310,385
Income taxes paid	(616,206)	(599,757)	(1,025,339)	(722,415)	(832,346)
Net cash generated from operating activities	12,727,611	27,605,058	27,116,910	6,675,013	3,478,039

APPENDIX I

ACCOUNTANTS’ REPORT

Notes	As of 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
CASH FLOWS FROM					
INVESTING ACTIVITIES					
(Purchases)/disposals of financial assets, net	395,830	(8,958,503)	(21,997,846)	(19,167,713)	(2,547,993)
Proceeds from disposal of PPE, intangible assets and other non-current assets	506,778	498,864	259,098	170,364	113,461
Repayment of loans to suppliers	30,000	—	—	—	—
Increase of restricted cash	287,367	427,650	(77,468)	—	93,449
Purchase of PPE, intangible assets and other non-current assets	(13,584,140)	(11,387,449)	(12,110,700)	(8,540,215)	(13,212,127)
Proceeds received from/(payment) for acquisition of sub, net	(961,816)	—	(1,729,157)	(1,729,157)	1,766,212
Proceeds from disposal of subsidiaries, net	(385)	—	—	—	—
Advance payment for equity investment	—	(140,474)	—	—	(69,315)
Net cash used in investing activities	(13,326,366)	(19,559,912)	(35,656,073)	(29,266,721)	(13,856,313)
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Proceeds from employees for stock options	566,622	546,699	1,807,386	1,431,896	940,962
Proceeds from contributions by non-controlling interests in subsidiaries	1,030,300	—	599,178	311,778	461,419
Proceeds from bank borrowings	65,493,203	91,681,516	90,538,655	63,514,923	85,942,373
Proceeds from short-term financing bills	6,600,000	2,800,000	6,300,000	6,300,000	3,200,000
Decrease/Increase of restricted cash-finance	1,546,573	(1,298,946)	1,170,260	550	(28,156)
Issuance of convertible bond	—	—	457,707	457,707	—
Proceeds from medium-term notes	—	—	—	—	3,000,000
Repayments of bank borrowings	(59,745,688)	(82,391,675)	(70,178,628)	(42,274,938)	(68,419,146)
Dividends paid	(779,271)	(1,016,826)	(2,202,991)	(2,182,375)	(1,587,195)
Repayment of convertible bond	(6,000)	(190,719)	(94,930)	(49,930)	—
Repayment of short-term financing bills	(4,438,967)	(5,880,318)	(2,124,811)	(1,619,638)	(5,075,179)
Repayment of borrowings from related parties	(1,953,240)	—	—	—	(925,100)
Principal portion of lease payments	(114,524)	(176,483)	(239,235)	(65,643)	(132,781)
Interest portion of lease payments	(44,538)	(27,150)	(36,018)	(29,843)	(14,038)
Payment on debt issuance costs	(4,185)	(6,203)	(8,782)	(8,782)	(4,500)
Refund to non-controlling interests for return of capital contributions	—	—	(98,000)	—	—
Others	5,961	30,371	651	—	(53,137)

APPENDIX I

ACCOUNTANTS’ REPORT

	As of 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
<i>Notes</i>					
Net cash generated from financing activities	8,156,246	4,070,266	25,890,442	25,785,705	17,305,522
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,557,491	12,115,412	17,351,279	3,193,997	6,927,248
Cash and cash equivalents at the beginning of the year	8,921,537	17,312,418	29,684,152	29,684,152	47,267,103
Effect of foreign exchange rate changes, net	833,390	256,322	231,672	(230,693)	12,807
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>17,312,418</u>	<u>29,684,152</u>	<u>47,267,103</u>	<u>32,647,456</u>	<u>54,207,158</u>

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Luxshare Precision Industry Co., LTD. (“**the Company**”) is a joint stock company with limited liability incorporated in the People’s Republic of China (the “**PRC**”). Founded in May 2004, the Company was established by Shenzhen Zixin Investment Company Limited (深圳市資信投資有限公司) and Luxshare Company Limited (立訊有限公司). The Company was subsequently listed on the Shenzhen Stock Exchange in September 2010.

The address of the Company’s registered office is located at 2/F, Building A, Sanyang New Industrial Zone, Haoyi West, Shajing Street, Baoan District, Shenzhen City, Guangdong Province, People’s Republic of China, while the principal place of business activities is at No. 313 North Ring Road, Qingxi Town, Dongguan City, Guangdong Province, People’s Republic of China.

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in providing cross-sector, vertically integrated development and intelligent manufacturing solutions—from components and modules to systems—for global clients across consumer electronics, automotive electronics, communication and data centers, and other emerging end markets.

The immediate holding company of the Company is Luxshare Company Limited (立訊有限公司), and the ultimate controlling shareholders of the Company are Wang Laichun and Wang Laisheng.

The detailed information of major subsidiaries was disclosed in Note 15.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

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 all applicable IFRS Accounting Standards which collective term includes all applicable 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 includes 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 FVTPL and financial assets at FVTOCI, 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to IFRS Accounting Standards issued but not yet effective

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

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

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

³ The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The Group does not plan to early adopt IFRS 18. IFRS 18, after its adoption on 1 January 2027, will impact the presentation of financial statements (including aggregation and disaggregation of items within statement of financial position and statement of profit or loss and other comprehensive income), but in terms of recognition and measurement, IFRS 18 is not expected to have significant impact on the financial performance and positions of the Group.

Except for this, no material impact on the financial performance and positions of the Group is expected when they become effective.

APPENDIX I

ACCOUNTANTS' REPORT

2.2 Material accounting policy information

2.2.1 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 into 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.

2.2.2 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 recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize 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

APPENDIX I

ACCOUNTANTS’ REPORT

Group. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 recognized 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 recognized 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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group’s Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

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

APPENDIX I

ACCOUNTANTS’ REPORT

2.2.3 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 recognized 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.

2.2.4 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 recognized in profit or loss as incurred.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized 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); and
- 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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 recognized 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 recognized 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.

2.2.5 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

APPENDIX I

ACCOUNTANTS' REPORT

- 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.

At the inception of the contract, the Group assesses the goods promised that have been promised to the customer and identifies as a performance obligation when (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Sales of products

Revenue generated from sales of products is recognized at the point in time or over time as work progresses.

Revenue from contracts with customers is recognized at the point in time when control of goods is transferred to the customers, generally when the Group has delivered goods to the location specified in the sales contract and the customers has confirmed the acceptance of the goods.

APPENDIX I

ACCOUNTANTS' REPORT

In other circumstances, the Group's performance does not create an asset with an alternative future use and the contract terms specify the Group has an enforceable right to payment for performance completed to date, revenue generated from such performance is recognised over time based on the input method.

Contract fulfillment costs

Contract fulfillment costs are the costs to fulfill a contract with a customer which are not capitalized as inventory (Note 2.2.18), property, plant and equipment (Note 2.2.12) or intangible assets (Note 2.2.14).

Costs to fulfill a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labor, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Contract fulfillment costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognized to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

Amortization of contract fulfillment costs is charged to profit or loss when the revenue to which the asset relates is recognized.

2.2.6 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.

2.2.7 Finance income

Interest income is presented as the finance income where it is mainly earned from cash and cash equivalent, see Note 12 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).

APPENDIX I

ACCOUNTANTS' REPORT

2.2.8 *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.

APPENDIX I

ACCOUNTANTS' REPORT

2.2.9 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.

APPENDIX I

ACCOUNTANTS’ REPORT

2.2.10 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.

2.2.11 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”.

APPENDIX I

ACCOUNTANTS' REPORT

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.

2.2.12 *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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 any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Other than construction in progress, depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimate useful lives as follows:

	<u>Estimated useful life</u>
Land and Building (<i>Note</i>)	Permanent, 10–50 years
Office Equipment	3–5 years
Machinery and Equipment	3–15 years
Computer Equipment	3–10 years
Production Support Equipment	5–10 years
Transportation Vehicles	3–5 years
Other Equipment	3–15 years
Molds and Tooling	3–10 years
Leasehold improvements	Shorter of the term of the lease or the estimated useful lives of the assets

Note: Land owned by subsidiaries in the United States and Taiwan are not subject to depreciation.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.16).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other (losses)/gains, net" in the consolidated statements of profit or loss and other comprehensive income.

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.

APPENDIX I

ACCOUNTANTS' REPORT

2.2.13 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.

APPENDIX I

ACCOUNTANTS' REPORT

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.

APPENDIX I

ACCOUNTANTS’ REPORT

2.2.14 Intangible assets

(a) Patent Rights, Non-patented Technology, and Software

Acquired patent rights, non-patented technology and software are initially capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Patent rights, non-patented technology and software are stated at historical cost less accumulated amortization and impairment losses, if any.

Amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives. The Group amortizes patent rights, non-patented technology, and software with a limited useful life using the straight-line method over the following periods:

Patent Rights	2–15 years
Non-patented Technology	2–15 years
Software	2–10 years
Others	2–18 years

When determining the useful life, the management of the Group has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

(b) Customer relationship

Customer relationships acquired through business combinations are recognized at their fair value as of the acquisition date.

These customer relationships are assets with a finite useful life and are amortized using the straight-line method over their estimated useful lives of 6 to 23 years.

(c) Research and development (“R&D”)

The Group incurs significant costs and efforts on research and development activities. Research expenditure is recognized as an expense as incurred. Costs incurred on research and development projects are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use or sale;
- management intends to complete the research and development project and use or sell it;
- there is an ability to use or sell the research and development project;
- it can be demonstrated how the research and development project will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- the expenditure attributable to the research and development project during its development can be reliably measured.

APPENDIX I

ACCOUNTANTS' REPORT

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalized in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset.

Development expenditures not satisfying the above criteria are recognized in the profit or loss as incurred and development expenditures previously recognized as an expense are not recognized as an asset in a subsequent period.

2.2.15 Goodwill

Goodwill is measured as described in Note 2.2.4. 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.

2.2.16 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.

2.2.17 Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized 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 FVTPL) 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 FVTPL are recognized immediately in profit or loss.

APPENDIX I

ACCOUNTANTS' REPORT

The effective interest method is a method of calculating the amortized 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 amortized 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 FVTOCI.

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 recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized 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 FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets 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:

APPENDIX I

ACCOUNTANTS’ REPORT

- Amortized 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 amortized 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 recognized 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.
- FVTOCI: 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 FVTOCI. 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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.
- FVTPL: Assets that do not meet the criteria for amortized cost or financial assets at FVTOCI are measured at FVTPL. 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 recognized 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 recognized 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 FVTPL are recognized 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 amortized 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.

APPENDIX I

ACCOUNTANTS' REPORT

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 recognized 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.

APPENDIX I

ACCOUNTANTS' REPORT

(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 recognized 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.

2.2.18 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.

APPENDIX I

ACCOUNTANTS' REPORT

2.2.19 Trade receivables

Trade receivables are amounts due from customers for the products and services rendered in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. 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.

2.2.20 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.

2.2.21 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.2.22 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized 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 amortized over the period of the facility to which it relates.

Borrowings are derecognized from the consolidated statements of financial position when the obligation specified in the contract is discharged, canceled 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 recognized 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.

2.2.23 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.

APPENDIX I

ACCOUNTANTS' REPORT

2.2.24 Share-based payment

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share option schemes. All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions. Further details of which are given in Note 43 to the Historical Financial Information.

The fair value of share option granted to employees is recognized as an employee cost with a corresponding increase in the capital reserve. The fair value is measured at grant date, using the Black-Scholes model.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as of the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognized in relation to such shares are reversed effective at the date of the forfeiture.

The grant of share-based payments by the Company to the employees of the subsidiaries are treated as a capital contribution to subsidiaries in the separate financial statements of the Company. The fair value of employee services received, determined by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding adjustment to equity in the separate financial statements of the Company.

2.2.25 Hedging accounting policies

Derivative financial instruments:

The group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognized in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

APPENDIX I

ACCOUNTANTS' REPORT

2.2.26 *Hedging*

The group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings. Some borrowings are designated as hedges of the foreign exchange risk of a net investment in a foreign operation.

Cash flow hedges:

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve within equity. The effective portion that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis from inception of the hedge. Any ineffective portion is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through OCI to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognized in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through OCI to profit or loss.

2.2.27 *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.

2.2.28 *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

APPENDIX I

ACCOUNTANTS' REPORT

- (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 a 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.

2.2.29 Dividend distribution

Dividend distributed to the shareholders is recognized 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 minimize potential adverse effects on the Group's financial performance.

(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 Currencies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022			
Cash and cash equivalents	6,973,913	1,050,865	8,024,778
Trade receivables	17,710,975	586,192	18,297,167
Other receivables	72,546	139,226	211,772
Borrowings	(1,606,716)	(1,767,542)	(3,374,258)
Trade payables	(25,627,376)	(1,773,533)	(27,400,909)
Other payables and accruals	(65,462)	(234,958)	(300,420)
	<u>(2,542,120)</u>	<u>(1,999,750)</u>	<u>(4,541,870)</u>
As at 31 December 2023			
Cash and cash equivalents	18,390,250	323,281	18,713,531
Trade receivables	14,226,058	28,355	14,254,413
Other receivables	133,487	19,026	152,513
Borrowings	(425,119)	(478,038)	(903,157)
Trade payables	(27,154,923)	(38,530)	(27,193,453)
Other payables and accruals	(56,974)	(17,416)	(74,390)
	<u>5,112,779</u>	<u>(163,322)</u>	<u>4,949,457</u>
As at 31 December 2024			
Cash and cash equivalents	38,620,102	657,567	39,277,669
Trade receivables	19,371,329	218,868	19,590,197
Other receivables	90,408	27,960	118,368
Borrowings	(214,696)	(345,726)	(560,422)
Trade payables	(33,635,153)	(681,163)	(34,316,316)
Other payables and accruals	(47,451)	(39,692)	(87,143)
	<u>24,184,539</u>	<u>(162,186)</u>	<u>24,022,353</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	USD	Other Foreign Currencies	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As of 30 September 2025			
Cash and cash equivalents	37,876,528	846,114	38,722,642
Trade receivables	33,445,360	98,617	33,543,977
Other receivables	1,056,933	114,764	1,171,697
Borrowing	(14,454,464)	(3,905,432)	(18,359,896)
Trade and notes payables	(49,994,092)	(837,601)	(50,831,693)
Other payables and accruals	(1,015,252)	(70,316)	(1,085,568)
	<u>6,915,013</u>	<u>(3,753,854)</u>	<u>3,161,159</u>

As at 31 December 2022, 2023, 2024 and 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 RMB127 million, RMB255 million, RMB1,209 million, and RMB345 million, 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, financial assets at FVTPL, cash and cash equivalents, term deposits, 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 33.

As at 31 December 2022, 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.

(iii) Other Price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified as FVTOCI. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group’s liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of FVTOCI at the end of each reporting period. If prices of the respective instruments held by the Group had increased/decreased by 10% as at 31 December 2022, 2023, 2024 and 30 September 2025, with all other variable held constant, other comprehensive income would increase/decrease approximately RMB41,486,700, RMB20,083,000, RMB6,500,000 and RMB15,273,000, respectively, as a result of gains/losses on financial instruments classified as FVTOCI.

APPENDIX I

ACCOUNTANTS’ REPORT

(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 trade receivables

The Group applies the simplified approach in calculating ECLs for trade receivables. A certain customer of the Group which has an outstanding trade receivable due to the Group with gross carrying amount of approximately RMB35.69 million, RMB67.53 million, RMB67.53 million and RMB148.23 million as at 31 December 2022, 2023, 2024 and 30 September 2025 were assessed for allowance for credit losses individually. The management assessed for the allowance for credit losses for lifetime by estimating default rate taking into account historical and forward-looking information. For customer 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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:

As at 31 December 2022			
Assessed based on grouping	Gross amount	Loss allowance	Expected loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	%
Not yet past due	25,389,060	12,694	0.05
Past due 1–60 days	587,181	29,359	5.00
Past due 61–120 days	141,687	42,506	30.00
Past due 121–180 days	5,157	2,063	40.00
Past due 181–365 days	11,517	5,758	50.00
Past due 1 year to 2 years	11,328	10,195	90.00
Past due over 2 years	1,863	1,863	100.00
	<u>26,147,793</u>	<u>104,438</u>	

As at 31 December 2023			
Assessed based on grouping	Gross amount	Loss allowance	Expected loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	%
Not yet past due	23,173,144	11,587	0.05
Past due 1–60 days	341,699	17,085	5.00
Past due 61–120 days	16,519	4,956	30.00
Past due 121–180 days	2,508	1,003	40.00
Past due 181–365 days	10,123	5,062	50.00
Past due 1 year to 2 years	1,807	1,627	90.00
Past due over 2 years	2,780	2,780	100.00
	<u>23,548,580</u>	<u>44,100</u>	

As at 31 December 2024			
Assessed based on grouping	Gross amount	Loss allowance	Expected loss rate
	<i>RMB'000</i>	<i>RMB'000</i>	%
Not yet past due	32,170,749	16,085	0.05
Past due 1–60 days	401,427	20,071	5.00
Past due 61–120 days	29,534	8,860	30.00
Past due 121–180 days	3,570	1,428	40.00
Past due 181–365 days	4,171	2,086	50.00
Past due 1 year to 2 years	1,779	1,601	90.00
Past due over 2 years	3,496	3,496	100.00
	<u>32,614,726</u>	<u>53,627</u>	

APPENDIX I

ACCOUNTANTS’ REPORT

Assessed based on grouping	As at 30 September 2025		
	Gross amount	Loss allowance	Expected loss rate
	RMB'000	RMB'000	%
Not yet past due	50,336,904	29,036	0.05
Past due 1–60 days	1,316,278	65,814	5.00
Past due 61–120 days	134,065	40,220	30.00
Past due 121–180 days	30,986	12,394	40.00
Past due 181–365 days	122,066	61,033	50.00
Past due 1 year to 2 years	52,398	47,159	90.00
Past due over 2 years	44,386	44,386	100.00
	<u>52,037,083</u>	<u>300,042</u>	

In view of the credit risk of the debtors, historical payment pattern and forward-looking information, the Group considers the expected credit risk for trade receivables not yet past due is 0.05%. And there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

During the year, the following impairment loss were recognized in profit or loss in relation: to trade and note receivables:

	Year ended 31 December			Nine months ended
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	45,943	(25,623)	11,572	83,790
Note receivables	298	(271)	112	(118)
At end of the year	<u>46,241</u>	<u>(25,894)</u>	<u>11,684</u>	<u>83,672</u>

(iii) *Credit risk of other receivables*

Other receivables mainly comprise amount due from associates, amount due from the related parties, amount due from the third parties and Input VAT to be deducted. The management of the Group makes individual assessment on the recoverability of amount due from associates, amount due from the related parties, amount due from the third parties and deposits based on historical settlement records and past experiences. The Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on amount due from associates, amount due from the related parties, amount due from the third parties and deposits, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in ‘Stage 1’ and the expected credit losses are measured as 12-month 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 collective assessments as well as individual assessment on these financial assets based on historical settlement records and past experience.

APPENDIX I

ACCOUNTANTS’ REPORT

The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12 months ECL.

On that basis, movements of loss allowance for other receivables are as follows:

	Year ended 31 December			Nine months ended
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss allowance				
At the beginning of the year	4,342	5,333	4,851	7,939
Provision/(reversal) for impairment recognized in the consolidated statements of profit or loss and other comprehensive income.	941	2,620	(1,596)	(4,362)
Written off.	—	—	(2,177)	(110)
Acquired through business combinations.	52	—	6,745	892
Others	(2)	(3,102)	116	2,468
At the end of the year.	<u>5,333</u>	<u>4,851</u>	<u>7,939</u>	<u>6,827</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.

APPENDIX I

ACCOUNTANTS’ REPORT

The table below analyzes 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	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>
As at 31 December 2022						
Trade and note payables	44,424,833	—	—	—	44,424,833	44,424,833
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) (Note 35)	6,349,584	—	—	—	6,349,584	6,349,584
Borrowings (including interest accrual up to maturity)	16,149,231	4,008,136	5,116,427	683,484	25,957,278	24,946,052
Short-term financing bills	3,862,729	—	—	—	3,862,729	3,840,115
Convertible bonds	9,000	275,100	3,114,000	—	3,398,100	2,913,755
Lease liabilities	169,261	208,616	456,449	323,334	1,157,660	980,021
	<u>70,964,638</u>	<u>4,491,852</u>	<u>8,686,876</u>	<u>1,006,818</u>	<u>85,150,184</u>	<u>83,454,360</u>
As at 31 December 2023						
Trade and note payables	42,498,591	—	—	—	42,498,591	42,498,591
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) (Note 35)	4,309,188	—	—	—	4,309,188	4,309,188
Borrowings (including interest accrual up to maturity)	23,764,177	2,460,618	8,819,886	1,380,823	36,425,504	35,241,450
Short-term financing bills	810,475	—	—	—	810,475	802,722
Convertible bonds	275,100	54,000	3,060,000	—	3,389,100	2,849,092
Lease liabilities	123,972	151,114	217,339	305,177	797,602	681,697
	<u>71,781,503</u>	<u>2,665,732</u>	<u>12,097,225</u>	<u>1,686,000</u>	<u>88,230,460</u>	<u>86,382,740</u>
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	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>
As at 31 December 2024						
Trade and note payables	57,712,870	—	—	—	57,712,870	57,712,870
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) (Note 35)	8,755,829	—	—	—	8,755,829	8,755,829
Borrowings (including interest accrual up to maturity)	37,458,202	12,988,922	6,784,208	875,752	58,107,084	57,035,396
Short-term financing bills	5,075,179	—	—	—	5,075,179	5,039,812
Convertible bonds	54,000	3,060,000	449,940	—	3,563,940	3,305,437
Lease liabilities	234,954	206,389	259,909	294,881	996,133	881,930
	<u>109,291,034</u>	<u>16,255,311</u>	<u>7,494,057</u>	<u>1,170,633</u>	<u>134,211,035</u>	<u>132,731,274</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	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>
As at 30 September 2025						
Trade and note payables	82,603,046	—	—	—	82,603,046	82,603,046
Other payables and accruals (excluding payroll and welfare payables and other taxes payable) (Note 35)	7,034,059	—	—	—	7,034,059	7,034,059
Borrowings (including interest accrual up to maturity)	68,640,430	5,802,761	10,179,326	2,025,272	86,647,789	85,551,175
Short-term financing bills	3,238,750	—	—	—	3,238,750	3,216,283
Convertible bonds	65,784	3,474,004	—	—	3,539,788	3,427,254
Long term payable.	59,433	41,185	—	—	100,618	100,148
Medium term notes	64,350	64,350	3,021,982	—	3,150,682	3,039,198
Lease liabilities	705,708	726,237	1,091,969	758,591	3,282,505	2,823,106
	<u>162,411,560</u>	<u>10,108,537</u>	<u>14,293,277</u>	<u>2,783,863</u>	<u>189,597,237</u>	<u>187,794,269</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.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the Historical Financial Information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under IFRS Accounting Standards.

- (i) Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of each reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- (ii) Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (iii) Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

APPENDIX I

ACCOUNTANTS’ REPORT

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

The carrying amounts of the financial assets and liabilities, which are measured at amortized cost, approximated their fair value as at 31 December 2022, 2023, 2024 and 30 September 2025.

The following table presents the Group’s financial assets that are measured at fair value as at 31 December 2022, 2023, 2024 and 30 September 2025 respectively.

	<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>
As at 31 December 2022				
Assets				
Financial assets at FVTPL				
—Equity investments	—	—	35,700	35,700
—Derivative financial assets (<i>Note</i>) . .	—	27,040	—	27,040
—Wealth management products (“WMPs”)	—	—	1,326,227	1,326,227
Financial assets at FVTOCI				
—Equity investments	342,379	—	97,728	440,107
Liabilities				
Financial liabilities at FVTPL				
—Convertible bonds—redemption/put options.	—	(41)	—	(41)
—Derivative financial liabilities (<i>Note</i>)	—	(44,277)	—	(44,277)
	<u>342,379</u>	<u>(17,278)</u>	<u>1,459,655</u>	<u>1,784,756</u>
	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>
As at 31 December 2023				
Assets				
Financial assets at FVTPL				
—Equity investments	—	—	35,700	35,700
—Derivative financial assets (<i>Note</i>) . .	—	92,485	—	92,485
—Wealth management products	—	—	1,628,279	1,628,279
Financial assets at FVTOCI				
—Equity investments	172,691	—	76,431	249,122
—Note receivables measured at FVTOCI.	—	—	587,585	587,585
Liabilities				
Financial liabilities at FVTPL				
—Derivative financial liabilities (<i>Note</i>)	—	(117,942)	—	(117,942)
	<u>172,691</u>	<u>(25,457)</u>	<u>2,327,995</u>	<u>2,475,229</u>
	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>	<u><i>RMB’000</i></u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<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>
As at 31 December 2024				
Assets				
Financial assets at FVTPL				
—Equity investments	—	—	39,312	39,312
—Derivative financial assets (<i>Note</i>) . .	—	102,883	—	102,883
—Wealth management products	—	—	1,300,228	1,300,228
Financial assets at FVTOCI				
—Equity investments	41,322	—	71,443	112,765
—Note receivables measured at FVTOCI.	—	—	1,106,284	1,106,284
Liabilities				
Financial liabilities at FVTPL				
—Derivative financial liabilities (<i>Note</i>)	—	(155,279)	—	(155,279)
	<u>41,322</u>	<u>(52,396)</u>	<u>2,517,267</u>	<u>2,506,193</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>
As at 30 September 2025				
Assets				
Financial assets at FVTPL				
— Equity investments	—	—	41,548	41,548
— Derivative financial assets (<i>Note</i>) . .	—	48,574	—	48,574
— Wealth management products	—	—	3,286,689	3,286,689
Financial assets at FVTOCI				
— Equity investments	152,734	—	71,391	224,125
— Note receivables measured at FVTOCI.	—	—	1,782,061	1,782,061
Derivative Financial Instruments under hedge accounting	—	98,373	—	98,373
Liabilities				
Financial liabilities at FVTPL				
— Derivative financial liabilities (<i>Note</i>)	—	(458,097)	—	(458,097)
Derivative Financial Instruments under hedge accounting.	—	(30,824)	—	(30,824)
	<u>152,734</u>	<u>(341,974)</u>	<u>5,181,689</u>	<u>4,992,449</u>

Note: Derivative financial assets and liabilities mainly refer to USD/CNY forward exchange contracts.

(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.

APPENDIX I

ACCOUNTANTS’ REPORT

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

(c) Fair value measurements using significant unobservable inputs

The following table presents the movements in level 3 items for the years ended 31 December 2022, 2023, 2024 and 30 September 2025:

	Financial assets at FVTPL	Financial assets at FVTOCI	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Level 3			
As at 1 January 2022	1,996,899	25,697	2,022,596
Additions	8,420,296	50,000	8,470,296
Disposals	(9,157,773)	(749)	(9,158,522)
Fair value changes	102,505	22,780	125,285
As at 31 December 2022.	<u>1,361,927</u>	<u>97,728</u>	<u>1,459,655</u>
As at 1 January 2023	1,361,927	97,728	1,459,655
Additions	16,228,842	612,585	16,841,427
Disposals	(16,145,357)	(37,783)	(16,183,140)
Fair value changes	218,567	(8,514)	210,053
As at 31 December 2023.	<u>1,663,979</u>	<u>664,016</u>	<u>2,327,995</u>
As at 1 January 2024	1,663,979	664,016	2,327,995
Additions	4,954,090	518,699	5,472,789
Disposals	(5,242,301)	(38,319)	(5,280,620)
Fair value changes	(36,228)	33,331	(2,897)
As at 31 December 2024.	<u>1,339,540</u>	<u>1,177,727</u>	<u>2,517,267</u>
As at 1 January 2025	1,339,540	1,177,727	2,517,267
Additions	60,533,056	675,777	61,208,833
Disposals	(58,350,282)	—	(58,350,282)
Fair value changes	(291,429)	(52)	(291,481)
As at 30 September 2025	<u>3,328,237</u>	<u>1,853,452</u>	<u>5,181,689</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value				Valuation techniques and key inputs	Significant unobservable inputs	Relationship of key assumptions to fair value
	As at 31 December			As at			
	2022	2023	2024	30 September			
	RMB'000	RMB'000	RMB'000	2025 RMB'000			
Financial assets at FVTPL							
—Equity investments . . .	35,700	35,700	39,312	41,548	Fair values are estimated based on market approach of underlying investments.	Equity value of the underlying investments (31 December 2022: RMB425,398,000, 31 December 2023: RMB395,348,000, 31 December 2024: RMB470,092,000, 30 September 2025: RMB498,695,000)	The higher the equity value of the underlying investments, the higher the fair value.
—Wealth management products	1,326,227	1,628,279	1,300,228	3,286,689	Present value method	Discount for lack of marketability	The higher the discount for lack of marketability, the lower the valuation
Financial assets at FVTOCI							
—Equity investments at fair value.	97,728	76,431	71,443	71,391	Fair values are estimated based on market approach of underlying investment.	Equity value of the underlying investments (31 December 2022: RMB3,774,688,000, 31 December 2023: RMB2,780,071,000, 31 December 2024: RMB2,474,314,000, 30 September 2025: RMB2,465,631,000)	The higher the equity value, the higher the fair value.
—Note receivables measured at FVTOCI	—	587,585	1,106,284	1,782,061	Present value method	NA	NA

(a) For equity investments measured at FVTPL: as of 31 December 2022, 2023, 2024 and 30 September 2025, if equity value of the underlying investments higher/lower by 10%, fair value of financial assets at FVTPL would have been approximately RMB3.57 million, RMB3.57 million, RMB3.93 million and RMB4.15 million higher/lower respectively.

APPENDIX I

ACCOUNTANTS' REPORT

- (b) For equity investment measured at FVTOCI: as of 31 December 2022, 2023, 2024 and 30 September 2025, if equity value higher/lower by 10%, fair value of financial assets at FVTOCI would have been approximately RMB9.77 million, RMB7.64 million, RMB7.14 million and 7.14 million higher/lower respectively.

4 CRITICAL ESTIMATES AND JUDGMENTS

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if 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 FVTPL and financial assets at FVTOCI

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 2.2.18. 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 amortized 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(b). Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

APPENDIX I

ACCOUNTANTS' REPORT

(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) Share-based compensations

The Group measures the cost of share-based payments transactions with reference to the fair value of the instruments at grant date, which include the use of the Black-Scholes model. The assumptions and models used for the share-based payments are disclosed in Note 43.

(f) 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.

(g) 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 judgment 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 13, 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 recognized deferred tax assets, deferred tax liabilities and income tax expenses.

5 SEGMENT INFORMATION

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.

APPENDIX I

ACCOUNTANTS’ REPORT

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, is based on the physical location of these assets.

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

	Year ended 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Europe	130	22	8,518	10,897,217
North America	46,900	46,673	615,223	885,974
Asia (excluding Chinese Mainland)	12,815,836	14,221,892	17,329,483	18,101,972
	12,862,866	14,268,587	17,953,224	29,885,163
Chinese Mainland	43,805,979	43,974,613	51,182,850	60,504,919
	56,668,845	58,243,200	69,136,074	90,390,082

Revenue from customers contributing over 10% of the total revenue of the Group during the years ended 31 December 2022, 2023, 2024, and the nine months ended 30 September 2024 and 30 September 2025 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Customer A	156,832,833	174,489,982	190,138,937	121,494,048 (Unaudited)	124,379,314

6 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2024 and 30 September 2025 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Sales of products					
— Point in time	214,028,394	231,905,460	268,794,738	177,176,885 (Unaudited)	217,407,019
— Over time	—	—	—	—	3,507,609
	214,028,394	231,905,460	268,794,738	177,176,885	220,914,628

APPENDIX I

ACCOUNTANTS’ REPORT

Revenue by location of the customers for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 30 September 2025 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Europe	96,086,293	90,987,715	93,134,443	58,362,589	56,799,014
North America	67,501,299	75,048,479	85,438,989	54,973,374	68,637,966
Asia (excluding Chinese Mainland)	14,932,196	29,904,124	47,080,871	33,566,534	54,088,325
Others	74,327	108,020	125,045	98,883	137,178
	178,594,115	196,048,338	225,779,348	147,001,380	179,662,483
Chinese Mainland	35,434,279	35,857,122	43,015,390	30,175,505	41,252,145
	<u>214,028,394</u>	<u>231,905,460</u>	<u>268,794,738</u>	<u>177,176,885</u>	<u>220,914,628</u>

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.

The Group

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Group recognized contract liabilities of RMB501,765,000, RMB243,567,000, RMB262,508,000 and RMB837,582,000, respectively.

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue recognized that was included in the contract liability balance at the beginning of the year	266,107	496,495	228,323	226,450	204,400
	<u>266,107</u>	<u>496,495</u>	<u>228,323</u>	<u>226,450</u>	<u>204,400</u>

APPENDIX I

ACCOUNTANTS' REPORT

The Company

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Company recognized contract liabilities of RMB11,694,000, RMB11,589,000, RMB14,096,000 and RMB6,618,000, respectively.

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Revenue recognized that was included in the contract liability balance at the beginning of the year	2,559	11,684	2,955	2,955	13,800

(b) Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2022 and the expected timing of recognizing revenue are as follows:

	<u>Sales of products</u>
	<i>RMB'000</i>
Within one year	1,467,349
More than one year but not more than two years	69,505
	<u>1,536,854</u>

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2023 and the expected timing of recognizing revenue are as follows:

	<u>Sales of products</u>
	<i>RMB'000</i>
Within one year	1,925,712
More than one year but not more than two years	81,198
	<u>2,006,910</u>

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 31 December 2024 and the expected timing of recognizing revenue are as follows:

	<u>Sales of products</u>
	<i>RMB'000</i>
Within one year	3,728,922
More than one year but not more than two years	606,421
More than two years	18,797
	<u>4,354,140</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as of 30 September 2025 and the expected timing of recognizing revenue are as follows:

	<u>Sales of products</u>
	<i>RMB’000</i>
Within one year	9,693,837
More than one year but not more than two years	243,628
	<u>9,937,465</u>

7 EXPENSES BY NATURE

	<u>Year ended 31 December</u>			<u>Nine months ended 30 September</u>	
	<u>2022</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>RMB’000</i> (Unaudited)	<i>RMB’000</i>
Materials used for production and processing charges	174,957,893	172,054,632	206,402,214	137,218,148	171,891,225
Employee-related expenses	21,719,031	19,981,308	24,387,870	18,803,335	23,795,252
Depreciation and amortization	7,968,955	10,496,584	11,148,610	7,913,463	10,301,567
Changes in inventories of finished goods and work in progress	(13,910,479)	5,341,296	1,361,854	(4,636,007)	(8,878,085)
Material used for research and development	2,224,401	1,522,003	1,947,623	1,349,614	1,593,927
Consumables and miscellaneous purchases	4,742,742	3,332,666	3,955,216	2,299,168	3,212,922
Utilities	1,245,330	2,100,184	2,079,043	1,633,403	1,990,619
Rental, repairs, inspection and housing expenses	950,914	1,271,908	1,240,928	874,039	1,136,159
Provision for inventory and contract fulfillment cost	613,237	1,126,386	915,720	433,726	782,613
Taxes and surcharges	510,644	599,425	695,631	437,514	629,402
Office expenses	423,032	547,718	663,522	391,985	567,442
Service fee from third parties	88,208	148,116	144,205	108,153	140,918
Technology service fee	225,595	206,100	71,461	66,268	212,385
Tooling and fixture expenses	295,726	549,793	751,536	563,652	655,367
Professional service fee	226,372	281,300	485,872	239,653	297,277
Transportation and delivery expenses	97,933	144,941	145,004	108,753	137,245
Other expenses	1,022,229	1,703,604	1,997,404	1,524,990	2,782,761
	<u>203,401,763</u>	<u>221,407,964</u>	<u>258,393,713</u>	<u>169,329,857</u>	<u>211,248,996</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Research and development expenses	859,894	1,038,630	872,854	664,831	699,936
General and administrative expenses	615,331	1,000,465	1,098,649	874,295	832,375
Selling expenses	10,302	15,823	10,983	7,657	16,546
Cost of inventories and contract fulfillment costs	6,137,967	8,031,817	8,664,534	5,991,459	7,911,349
	<u>7,623,494</u>	<u>10,086,735</u>	<u>10,647,020</u>	<u>7,538,242</u>	<u>9,460,206</u>

(b) Amortization of the Group’s intangible assets has been recognized as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Research and development expenses	13,910	14,284	17,422	12,322	170,240
General and administrative expenses	46,921	75,537	119,936	89,510	84,208
Selling expenses	2,014	2,146	2,104	1,365	1,808
Cost of inventories and contract fulfillment costs	49,461	78,362	52,523	40,791	62,601
	<u>112,306</u>	<u>170,329</u>	<u>191,985</u>	<u>143,988</u>	<u>318,857</u>

(c) Depreciation of the Group’s right-of-use assets has been recognized as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Research and development expenses	20,294	18,594	15,638	9,011	8,476
General and administrative expenses	112,630	65,146	93,833	57,477	86,400
Selling expenses	2,212	1,039	367	306	609
Cost of inventories and contract fulfillment costs	92,294	154,413	198,599	164,099	419,497
	<u>227,430</u>	<u>239,192</u>	<u>308,437</u>	<u>230,893</u>	<u>514,982</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Depreciation of the Group’s investment property has been recognized as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
General and administrative expenses	5,725	328	1,168	340	7,522
	<u>5,725</u>	<u>328</u>	<u>1,168</u>	<u>340</u>	<u>7,522</u>

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				(Unaudited)	
Wages, salaries and bonuses	18,896,431	17,028,789	21,179,272	16,412,887	20,240,404
Share-based compensation expenses (Note 43).	487,381	804,107	460,468	312,161	406,104
Pension obligations, housing funds, medical insurances and other social insurances	1,616,414	1,497,708	2,054,715	1,549,419	2,351,266
Other employee benefit expenses	718,805	650,704	693,415	528,868	797,478
	<u>21,719,031</u>	<u>19,981,308</u>	<u>24,387,870</u>	<u>18,803,335</u>	<u>23,795,252</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.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2022, 2023 and 2024, and the nine months ended 30 September 2024 and 30 September 2025, include 2, 2, 2, 2, and 3 directors respectively, whose emoluments are disclosed in Note 8(c). Details of the remuneration of the remaining individuals during the years ended 31 December 2022, 2023 and 2024, and the nine months ended 30 September 2024 and 30 September 2025 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	10,765	8,612	18,898	15,081	21,313
Share-based compensation expenses	5,272	21,288	11,542	7,213	16,116
Pension obligations, housing funds, medical insurances and other social insurances	269	645	281	211	159
	<u>16,306</u>	<u>30,545</u>	<u>30,721</u>	<u>22,505</u>	<u>37,588</u>

The highest paid individuals fell within the following bands:

Emolument bands	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
				(Unaudited)	
HK\$1,000,001 to HK\$1,500,000	—	—	—	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	—	—	—	—
HK\$2,500,001 to HK\$3,000,000	2	—	—	—	—
HK\$3,000,001 to HK\$3,500,000	1	—	—	—	—
HK\$3,500,001 to HK\$4,000,000	2	—	—	2	—
HK\$4,000,001 to HK\$4,500,000	—	—	—	2	—
HK\$4,500,001 to HK\$5,000,000	—	—	—	—	2
HK\$5,000,001 to HK\$5,500,000	—	—	1	—	1
HK\$5,500,001 to HK\$6,000,000	—	2	2	—	—
HK\$6,000,001 to HK\$6,500,000	—	2	1	1	1
HK\$6,500,001 to HK\$7,000,000	—	1	—	—	—
HK\$7,000,001 to HK\$7,500,000	—	—	1	—	—
Over HK\$7,500,000	—	—	—	—	1
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Details of emoluments in respect of the directors and supervisors of the Company

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2022 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors						
Wang Laichun	—	3,800	—	—	—	3,800
Wang Laisheng	—	3,300	—	—	—	3,300
Wang Tao	—	1,220	—	138	1,398	2,756
Li Wei	—	1,220	—	185	1,288	2,693
Zhang Ying	160	—	—	—	—	160
Liu Zhonghua	160	—	—	—	—	160
Song Yuhong	160	—	—	—	—	160
	<u>480</u>	<u>9,540</u>	<u>—</u>	<u>323</u>	<u>2,686</u>	<u>13,029</u>
Supervisors						
Xia Yanrong	—	596	1,376	31	—	2,003
Mo Rongying	—	515	1,376	31	—	1,922
Yi Peizan	—	110	13	31	—	154
	<u>—</u>	<u>1,221</u>	<u>2,765</u>	<u>93</u>	<u>—</u>	<u>4,079</u>

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2023 are as follows:

Name	Director's fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors						
Wang Laichun	—	2,000	—	—	—	2,000
Wang Laisheng	—	1,500	—	—	—	1,500
Wang Tao	—	1,446	—	219	4,175	5,840
Li Wei	—	1,165	—	209	4,133	5,507
Zhang Ying	160	—	—	—	—	160
Liu Zhonghua	160	—	—	—	—	160
Song Yuhong	160	—	—	—	—	160
	<u>480</u>	<u>6,111</u>	<u>—</u>	<u>428</u>	<u>8,308</u>	<u>15,327</u>
Supervisors						
Xia Yanrong	—	741	473	34	—	1,248
Mo Rongying	—	801	785	34	—	1,620
Yi Peizan	—	129	10	34	—	173
	<u>—</u>	<u>1,671</u>	<u>1,268</u>	<u>102</u>	<u>—</u>	<u>3,041</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2024 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors						
Wang Laichun	—	7,333	—	—	—	7,333
Wang Laisheng	—	5,500	—	—	—	5,500
Wang Tao	—	1,411	—	226	477	2,114
Li Wei	—	560	—	228	477	1,265
Qian Jiwen	—	1,167	—	223	1,861	3,251
Hao Jie	—	528	—	254	1,426	2,208
Zhang Ying	160	—	—	—	—	160
Hou Lingling	—	—	—	—	—	—
Liu Zhonghua	160	—	—	—	—	160
Song Yuhong	160	—	—	—	—	160
	<u>480</u>	<u>16,499</u>	<u>—</u>	<u>931</u>	<u>4,241</u>	<u>22,151</u>
Supervisors						
Xia Yanrong	—	1,006	410	35	—	1,451
Mo Rongying	—	801	739	35	—	1,575
Yi Peizan	—	163	22	35	—	220
	<u>—</u>	<u>1,970</u>	<u>1,171</u>	<u>105</u>	<u>—</u>	<u>3,246</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the nine months ended 30 September 2024 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	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>
Directors						
Wang Laichun	—	6,000	—	—	—	6,000
Wang Laisheng	—	4,500	—	—	—	4,500
Wang Tao	—	1,411	—	226	477	2,114
Li Wei	—	560	—	228	477	1,265
Qian Jiwen	—	584	—	112	931	1,627
Hao Jie	—	264	—	127	713	1,104
Zhang Ying	160	—	—	—	—	160
Hou Lingling	—	—	—	—	—	—
Liu Zhonghua	160	—	—	—	—	160
Song Yuhong	160	—	—	—	—	160
	<u>480</u>	<u>13,319</u>	<u>—</u>	<u>693</u>	<u>2,598</u>	<u>17,090</u>
Supervisors						
Xia Yanrong	—	601	—	18	—	619
Mo Rongying	—	604	—	18	—	622
Yi Peizan	—	110	—	18	—	128
	<u>—</u>	<u>1,315</u>	<u>—</u>	<u>54</u>	<u>—</u>	<u>1,369</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the nine months ended 30 September 2025 are as follows:

Name	Director’s fee	Wages and salaries	Discretionary bonuses	Social security costs, housing benefits and employee welfare	Share-based compensation expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors						
Wang Laichun	—	6,000	—	—	—	6,000
Wang Laisheng	—	4,500	—	49	—	4,549
Qian Jiwen	—	1,500	—	117	3,333	4,950
Hao Jie	—	1,553	—	196	2,955	4,704
Hou Lingling	160	—	—	—	—	160
Liu Zhonghua	160	—	—	—	—	160
Song Yuhong	160	—	—	—	—	160
Chen Weihang	—	34	—	5	55	94
	<u>480</u>	<u>13,587</u>	<u>—</u>	<u>367</u>	<u>6,343</u>	<u>20,777</u>
Supervisors						
Xia Yanrong	—	780	—	26	—	806
Mo Rongying	—	636	—	33	—	669
Yi Peizan	—	105	—	21	—	126
	<u>—</u>	<u>1,521</u>	<u>—</u>	<u>80</u>	<u>—</u>	<u>1,601</u>

Notes:

- (i) Wang Tao was appointed in 21 May 2021 and resigned in 27 June 2024.
- (ii) Li Wei was appointed in 21 May 2021 and resigned in 27 June 2024.
- (iii) Qian Jiwen was appointed in 27 June 2024.
- (iv) Hao Jie was appointed in 27 June 2024.
- (v) Hou Lingling was appointed in 27 June 2024.
- (vi) Zhang Ying was appointed in 18 May 2018 and resigned in 27 June 2024.
- (vii) Chen Weihang was appointed in 8 August 2025.

(d) 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.

(e) 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.

APPENDIX I

ACCOUNTANTS’ REPORT

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

No borrowings, quasi-borrowings and other dealings in favor 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.

(g) 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.

9 OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Government grants (Note a)	596,775	791,099	933,138	518,426	626,126
Super-input value-added tax (“VAT”) credit (Note b)	—	20,560	50,879	39,356	21,206
Compensation Income from Contract Default . .	16,377	70,247	39,965	16,385	8,285
Others	17,917	30,951	22,045	24,867	41,037
	<u>631,069</u>	<u>912,857</u>	<u>1,046,027</u>	<u>599,034</u>	<u>696,654</u>

Notes:

- (a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives to reward the Group’s support and contribution for the development of local economies.
- (b) Super-input VAT credit amounted to RMBNil, RMB20,560,000 and RMB50,879,000 and RMB39,356,000 and RMB21,206,000 for the years ended 31 December 2022, 2023, 2024 and for the nine months ended 30 September 2024 and 30 September 2025 was recognized in consolidated statements of profit or loss and other comprehensive income due to the VAT reform. In accordance with the <關於先進製造業企業增值稅加計抵減政策的公告> (MOF & STA Announcement No. 43 [2023]), the Group meets the requirement of the Producer and Consumer Services Industries and are eligible for additional VAT credits by 5% of the current period creditable VAT input from 1 January 2023 to 31 December 2027.

APPENDIX I

ACCOUNTANTS’ REPORT

10 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Gain/(loss) on disposal of/written off PPE and intangible asset	37,289	105,092	(1,616)	23,413	66
Gain on termination of right-of-use assets	3,109	1,258	3,199	65	6,298
Gain on disposal of subsidiaries/associates.	22,801	—	10,019	4,355	(3,525)
Dividend income from financial asset at FVTOCI	212	265	—	—	—
Loss in disposal of financial asset.	(400,156)	(741,343)	(795,497)	(602,909)	(395,717)
Bargain purchase gain (<i>Note 46</i>)	—	—	368	—	479,317
Change in fair value of financial assets/liabilities at FVTPL.	594,288	678,346	1,951,100	1,261,228	1,903,018
Impairment loss for goodwill	—	(804)	—	—	—
Impairment loss on property, plant and equipment	(233,585)	(191,676)	(293,338)	(87,427)	(80,860)
Impairment loss for intangible asset	—	—	—	—	(119)
Impairment loss on investment in associates.	—	—	(36,411)	—	—
Foreign currency exchange (loss)/gain, net.	(337,514)	(72,796)	1,010,172	163,128	352,660
	<u>(313,556)</u>	<u>(221,658)</u>	<u>1,847,996</u>	<u>761,853</u>	<u>2,261,138</u>

11 IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Impairment losses under ECL model, net of reversal					
Trade receivables	45,943	(25,623)	11,572	(4,782)	83,790
Note receivables	298	(271)	112	37	(118)
Other receivables	941	2,620	(1,596)	(3,388)	(4,362)
	<u>47,182</u>	<u>(23,274)</u>	<u>10,088</u>	<u>(8,133)</u>	<u>79,310</u>

Details of impairment losses under ECL model are set out in Note 3.1 (b) to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

12 FINANCE COSTS—NET

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance income:				(Unaudited)	
Bank interest income (<i>Note a</i>)	504,344	1,005,581	968,280	793,164	836,250
	<u>504,344</u>	<u>1,005,581</u>	<u>968,280</u>	<u>793,164</u>	<u>836,250</u>
Finance costs:					
Interest expenses on bank borrowings	(804,500)	(1,186,819)	(1,234,031)	(965,662)	(1,213,438)
Interest expenses on lease liabilities	(44,538)	(27,150)	(36,018)	(29,843)	(14,038)
Interest expenses on short term financing bills	(72,044)	(42,925)	(61,901)	(36,002)	(90,848)
Interest expenses on convertible bonds	(116,989)	(119,976)	(130,703)	(89,169)	(101,312)
	<u>(1,038,071)</u>	<u>(1,376,870)</u>	<u>(1,462,653)</u>	<u>(1,120,676)</u>	<u>(1,419,636)</u>
Finance costs—net	<u>(533,727)</u>	<u>(371,289)</u>	<u>(494,373)</u>	<u>(327,512)</u>	<u>(583,386)</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.

13 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	657,866	1,024,939	1,318,435	801,970	1,457,326
Deferred income tax (<i>Note 23</i>)	9,452	(383,110)	211,260	(56,347)	42,699
	<u>667,318</u>	<u>641,829</u>	<u>1,529,695</u>	<u>745,623</u>	<u>1,500,025</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.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

Chinese Mainland

In accordance with the Enterprise Income Tax Law (“**EIT Law**”), Foreign Investment Enterprises (“**FIEs**”) and domestic companies established in Chinese Mainland are subject to Enterprise Income Tax (“**EIT**”) at a rate of 25%.

Besides, certain Group’s subsidiaries benefit from a preferential tax rate of 15% under the 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 catalog of encouraged industries, subject to certain general restrictions described in the EIT Law and the related regulations.

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore and Vietnam has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging within 30% for the Track Record Period.

OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development (“**OECD**”). The Pillar Two legislation had become effective in certain jurisdictions on 1 January 2024 during the Track Record Period. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion (“**GloBE**”) effective tax rate in each jurisdiction and the 15% minimum rate.

APPENDIX I

ACCOUNTANTS’ REPORT

The income tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the enacted tax rate in the PRC applicable to the Group as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Profit before income tax	11,157,995	12,885,042	16,108,739	10,532,334	14,228,254
Income tax expenses computed at the statutory income tax rate of 25%	2,789,499	3,221,261	4,027,185	2,633,083	3,557,064
Tax effect of:					
Preferential tax rate	(1,115,800)	(1,288,505)	(1,610,874)	(1,053,233)	(1,422,826)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(77,877)	(189,044)	(3,979)	89,190	62,638
Under/(over) provision of current tax in prior years	9,003	(13,916)	(6,069)	(339)	5,879
Tax effect of non-taxable income	(33,677)	(301,763)	(531,028)	(439,251)	(546,001)
Tax effect of non-deductible expenses	18,128	57,627	17,282	22,011	26,165
Utilization of previously unrecognized tax losses and temporary differences	(137,784)	(434,037)	(294,706)	(164,429)	(244,216)
Tax effect of temporary difference not recognized	41,290	239,243	476,185	77,400	361,744
Change in opening deferred tax asset/liability balance due to tax rate adjustment	19,977	244	—	16,232	8,862
Tax effect of additional deduction for eligible research and development expense	(832,781)	(633,931)	(646,391)	(433,876)	(573,379)
Tax Incentives for Employment of Key Groups/Key Group Employment Tax Credits	(6,613)	(6,146)	(6,660)	(2,293)	(5,582)
Pillar Two—Income Tax (Note)	—	—	107,509	—	271,123
Others	(6,047)	(9,204)	1,241	1,128	(1,446)
Income tax expense	<u>667,318</u>	<u>641,829</u>	<u>1,529,695</u>	<u>745,623</u>	<u>1,500,025</u>

Note:

The Group is subject to the jurisdictional implementation of the Global Anti-Base Erosion (GloBE) Model Rules under OECD’s Pillar Two framework (“**Pillar Two**”). During FY2024, subsidiaries in Vietnam implemented the relevant Pillar Two regulations. Based on currently available information, the Group has assessed the potential risk exposure and recognized current tax expense amounted RMB107.5 million. During nine months ended 30 September 2025, subsidiaries in Hong Kong implemented the relevant Pillar Two regulations. Based on currently available information, the Group has assessed the potential risk exposure and recognised current tax expense amounted RMB271.1 million.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Tax losses

As at 31 December 2022, 2023, 2024, and 30 September 2025, the Group did not recognize deferred income tax assets in respect of losses of RMB5,067 million, RMB6,319 million, RMB9,341 million and RMB15,683 million respectively. The tax losses incurred from the Company’s subsidiaries in Chinese Mainland that are not recognized as deferred tax assets will expire from 2023 to 2035. Tax losses of the Company’s subsidiaries incorporated outside Chinese Mainland will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December			As at 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Expiry year					
2023.	39,181	—	—	—	—
2024.	137,112	67,782	—	—	—
2025.	329,828	317,442	129,889	438,997	—
2026.	1,437,913	1,297,595	1,058,738	587,383	695,675
2027.	1,449,315	1,271,499	1,242,058	1,320,942	818,158
2028.	976	753,800	764,097	1,227,189	782,296
2029.	71,548	71,548	1,435,891	583,886	747,776
2030.	364,373	364,373	364,373	321,329	1,213,849
2031.	354,545	416,859	468,544	345,919	382,308
2032.	871,899	743,914	2,152,455	611,252	1,879,162
2033.	—	1,002,851	1,002,851	1,002,845	885,835
2034.	—	—	673,587	391,504	525,831
2035.	—	—	—	—	542,328
Permanently (Outside Chinese Mainland)	10,528	10,842	48,832	1,078	7,209,391
	<u>5,067,218</u>	<u>6,318,505</u>	<u>9,341,315</u>	<u>6,832,324</u>	<u>15,682,609</u>

APPENDIX I

ACCOUNTANTS’ REPORT

14 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2024 and 30 September 2025 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, excluding ordinary shares held for share schemes as these shares are not considered outstanding for earnings per share calculation purposes.

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Profit for the year attributable to owners of the Company	9,163,105	10,952,657	13,365,651	9,074,955	11,518,291
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share (<i>thousand shares</i>)	7,083,359	7,130,453	7,190,856	7,178,609	7,244,621
Basic earnings per share (<i>RMB per share</i>)	1.29	1.54	1.86	1.26	1.59

(b) Diluted earnings per share

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

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Profit for the year attributed to owners of the Company	9,163,105	10,952,657	13,365,651	9,074,955	11,518,291
Effect of share options issued by subsidiaries (<i>Note</i>)	(36,740)	(33,298)	(32,942)	(21,956)	(43,455)
Earnings for the purpose of calculating diluted earnings per share	9,126,365	10,919,359	13,332,709	9,052,999	11,474,836

Note: During the Track Record Period, the effect of share options issued by subsidiaries is related to the share options issued by its subsidiaries disclosed in Notes 43.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential diluted ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
				(Unaudited)	
Profit for the year attributable to owners of the Company (<i>RMB'000</i>)	9,126,365	10,919,359	13,332,709	9,052,999	11,474,836
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (<i>thousand shares</i>) (<i>Note</i>)	7,154,947	7,172,807	7,223,636	7,221,594	7,334,830
Diluted earnings per share (<i>RMB per share</i>)	<u>1.28</u>	<u>1.52</u>	<u>1.85</u>	<u>1.25</u>	<u>1.56</u>

Note: During the track record period, for the convertible bond that issued by the Group disclosed in Note 36, it is not included in the calculation of diluted earnings per share as it is anti-dilutive.

APPENDIX I

ACCOUNTANTS’ REPORT

15 SUBSIDIARIES

(a) Subsidiaries of the Company

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following principal subsidiaries.

The list of significant subsidiaries is as follows:

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Authorized shares capital/ registered capital	Equity interest attributable to the Group								Principal activities	Place of operation	
				As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 30 September 2025				
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect			
Ri Shan Computer Accessories (Jia Shan) Co., Ltd. (日善電腦 配件(嘉善)有限公司) (note (a)(e))	The PRC limited liability company	2015.06.15	RMB1,437,684,000	—	49.75	—	49.75	—	49.75	—	49.75	—	R&D, Processing and Manufacturing	The PRC
Rida Intelligent Manufacture Technology (Rugao) Co., Ltd. (日達智達科技(如皋)有限公司) (note (a)(e))	The PRC limited liability company	2020.10.21	RMB2,500,000,000	—	49.75	—	49.75	—	49.75	—	49.75	—	R&D, Processing and Manufacturing	The PRC
Luxshare Intelligent Manufacture Technology (Changshu) Co., Ltd. (立訊智達科技(常熟)有限公司) (note c)	The PRC limited liability company	2019.10.24	RMB1,300,000,000	100	—	100	—	100	—	100	—	—	R&D, Processing and Manufacturing	The PRC
Luxshare Tech (Zhejiang) Co., LTD. (立訊智達浙江有限公 司) (note a)	The PRC limited liability company	2019.04.08	RMB730,000,000	100	—	100	—	100	—	100	—	—	R&D, Processing and Manufacturing	The PRC
Luxshare Precision Industry (Chuzhou) Co., Ltd. (立訊精密 工業(滁州)有限公司) (note b)	The PRC limited liability company	2014.03.24	RMB758,000,000	100	—	100	—	100	—	100	—	—	R&D, Processing and Manufacturing	The PRC
Luxshare Electronic Technology (Kunshan) Co., Ltd. (立訊電子 科技(昆山)有限公司) (note a)	The PRC limited liability company	2000.09.12	RMB2,200,000,000	100	—	100	—	100	—	100	—	—	R&D, Processing and Manufacturing	The PRC
Luxshare Precision Technology (Yancheng) Co., Ltd. (立訊精密 科技(鹽城)有限公司) (note (a)(e))	The PRC limited liability company	2017.09.27	RMB6,264,312,296	49.75	—	49.75	—	49.75	—	49.75	—	—	R&D, Processing and Manufacturing	The PRC
Lanto Electronic Limited (昆山聯滔電子有限公司) (note a)	The PRC limited liability company	2004.04.23	RMB2,320,000,000	100	—	100	—	100	—	100	—	—	R&D, Processing and Manufacturing	The PRC

APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Authorized shares capital/ registered capital	Equity interest attributable to the Group								Principal activities	Place of operation
				As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 30 September 2025			
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect		
Jiangxi Luxshare Intelligent Manufacture Co., Ltd. (江西立訊智造有限公司)(note d)	The PRC limited liability company	2015.12.25	RMB1,000,000,000	100	—	100	—	100	—	100	—	R&D, Processing and Manufacturing	The PRC
Dongguan Xuniao Electronics Co., Ltd. (東莞訊源電子有限公 司)	The PRC limited liability company	1986.02.09	RMB539,817,955	—	90	—	93.90	—	89.43	—	87.42	Trading, R&D, Processing and Manufacturing	The PRC
Luxis Technology Limited (香港 立芯科技有限公司)(note d)	Hong Kong limited liability company	2021.04.23	USD1,500,000	—	100	—	100	—	100	—	100	Trading Enterprises	Hong Kong
Luxshare Precision Limited (立訊 精密有限公司)(note d)	Hong Kong limited liability company	2011.05.05	USD5,000,000	100	—	100	—	100	—	100	—	Trading Enterprises	Hong Kong
ICT-LANTO LIMITED (note d)	Hong Kong limited liability company	2009.03.05	HKD10,000,000 and USD372,000,000	100	—	100	—	100	—	100	—	Trading Enterprises	Hong Kong
Luxshare-ICT (Van Trung) Company Limited (立訊精密(雲 中)有限公司)(note d)	Vietnam limited liability company	2019.05.05	VND55,360,000	—	100	—	100	—	100	—	100	Processing and Manufacturing	Vietnam
Luxshare-ICT (Vietnam) Company Limited (立訊精密(越南)有限公 司)(note d)	Vietnam limited liability company	2016.10.05	VND64,000,000	—	100	—	100	—	100	—	100	Processing and Manufacturing	Vietnam
CASETEK SINGAPORE PTE. LTD. (note d)(e))	Singapore limited liability company	2019.09.12	USD730,000	—	49.75	—	49.75	—	49.75	—	49.75	Trading Enterprises	Singapore
Kunming Wenxun Industrial Co., Ltd. (昆明訊實業有限公司)	The PRC limited liability company	2020.01.14	RMB1,300,000,000	—	—	—	—	—	—	—	100	Processing and Manufacturing	The PRC

Notes:

- (a) The statutory financial statements 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 the China Auditing Standards Board for the years ended 31 December 2022, 2023 and 2024.
- (b) The statutory financial statements 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 the China Auditing Standards Board for the years ended 31 December 2022 and 2023, and audited by other accounting firms, 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 2024.
- (c) The statutory financial statements of Company have been audited by other accounting firms, 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 2022, 2023 and 2024.
- (d) The statutory financial statements of overseas subsidiaries of Company have been audited by local accounting firms, in accordance with the local accounting standards for the years ended 31 December 2022, 2023 and 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

- (e) The Group has the ability to unilaterally direct the relevant activities of the Luxcase Precision Technology (Yancheng) Co., Ltd. (立鎧精密科技(鹽城)有限公司) and its subsidiaries, Ri Shan Computer Accessories (Jia Shan) Co., Ltd., Rida Intelligent Manufacture Technology (Rugao) Co., Ltd. and CASETEK SINGAPORE PTE. LTD. The powers of the investee’s board of directors include, but are not limited to, approving the annual budget, business plan, and capital expenditure. There are a total of 5 seats on the board of directors, and the Group holds 3 of them. Additionally, the Group has the right to nominate the chairman of the board. This enables the Company to exert influence over the relevant activities directed by the voting rights of the investee’s board of directors and to obtain variable returns through such rights.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Investments in subsidiaries

	As of 31 December			As at 30 September
	2022	2023	2024	2025
Investment in subsidiaries, at cost				
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	21,113,132	22,095,549	23,276,659	24,735,538
Additions	996,052	1,577,943	1,481,270	4,765,273
Capital reduction and disposal	(13,635)	(396,833)	(22,391)	(28,339)
At the end of the year	<u>22,095,549</u>	<u>23,276,659</u>	<u>24,735,538</u>	<u>29,472,472</u>

16 INVESTMENT IN ASSOCIATES

The Group

	As at 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	1,019,385	1,880,941	4,100,064	7,343,629
Transfer from subsidiaries to associates	—	—	—	117,765
Additions	90,722	235,000	9,138	315,402
Capital reduction and disposal	—	—	(23,959)	—
Provision for impairment	—	—	(36,411)	—
Share of post-acquisition profits, other equity movements and other comprehensive income	771,464	1,985,306	3,299,425	2,255,726
Exchange difference	(630)	(1,183)	(4,628)	5,032
At the end of the year	<u>1,880,941</u>	<u>4,100,064</u>	<u>7,343,629</u>	<u>10,037,554</u>

The Company

	As at 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	221,477	237,534	325,340	291,167
Additions	—	112,500	—	—
Capital reduction and disposal	—	—	(23,959)	—
Share of post-acquisition profits, other equity movements and other comprehensive income	16,057	(24,694)	(10,214)	(8,834)
At the end of the year	<u>237,534</u>	<u>325,340</u>	<u>291,167</u>	<u>282,333</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Aggregate information of associates that are not individually material:

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Aggregate carrying amount of the Group’s associates in the Historical Financial Information	1,880,941	4,100,064	7,343,629	10,037,554

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Share of post-acquisition profits and other comprehensive income	770,916	2,020,904	3,294,982	2,251,727

17 INVESTMENT IN JOINT VENTURES

The Group

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
At the beginning of the year	106,220	119,067	132,878	144,667
Dividends.	(11,509)	—	(10,000)	(14,358)
Share of post-acquisition profits and other comprehensive income	25,785	15,860	17,145	28,166
Exchange difference	(1,429)	(2,049)	4,644	(911)
At the end of the year.	119,067	132,878	144,667	157,564

Aggregate information of joint venture that is not individually material:

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Aggregate carrying amount of the Group’s associates in the Historical Financial Information	119,067	132,878	144,667	157,564

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dividend paid.	11,509	—	10,000	14,358
Share of post-acquisition profits and other comprehensive income	25,891	15,860	17,145	28,166

APPENDIX I

ACCOUNTANTS’ REPORT

18 PROPERTY, PLANT AND EQUIPMENT

	Production											Total
	Land and Buildings	Office Equipment	Machinery and Equipment	Computer Equipment	Support Equipment	Transportation Vehicles	Other Equipment	Molds and Tooling	Construction in progress	Leasehold improvements	Others	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost												
At 1 January 2022	11,466,339	314,794	23,144,239	216,007	2,438,172	67,142	6,261,280	3,844,865	3,685,336	1,278,592	173,167	52,889,933
Additions	411,785	46,020	7,208,859	88,528	1,056,872	13,614	2,593,748	2,241,158	2,462,528	311,646	128,953	16,563,711
Transfer from construction in progress	1,329,863	25,573	2,352,120	95	56,280	3,767	503,349	194,640	(4,465,687)	—	—	—
Transfer from/to investment properties, net	35,935	—	—	—	—	—	—	—	—	—	—	35,935
Transfer to construction in progress	(96,152)	—	(805,940)	—	(530,630)	—	(127,130)	(99,078)	1,243,293	—	—	(415,637)
Acquired through business combinations	515,969	9,995	817,332	81,462	27,427	14,708	43,748	45,000	3,675	32,812	—	1,592,128
Disposals	(20,663)	(51,624)	(939,041)	(8,832)	(62,382)	(4,893)	(201,477)	(341,567)	—	—	—	(1,630,479)
Reduction from disposal of subsidiaries	(35)	(399)	(8,039)	—	—	(67)	(930)	—	—	—	—	(9,470)
Exchange difference	133,240	4,564	277,110	884	(25,534)	456	116,220	12,945	(233,768)	—	—	286,117
At 31 December 2022 and												
1 January 2023	13,776,281	348,923	32,046,640	378,144	2,960,205	94,727	9,188,808	5,897,963	2,695,377	1,623,050	302,120	69,312,238
Additions	237,692	95,972	4,178,527	30,610	513,725	12,759	2,483,304	380,263	2,613,130	136,044	110,765	10,792,791
Transfer from construction in progress	1,121,416	4	974,351	218	74,895	1,699	1,032,337	490,089	(3,695,009)	—	—	—
Transfer from investment properties	78,129	—	—	—	—	—	—	—	—	—	—	78,129
Transfer to construction in progress	—	—	(750,831)	—	(38,744)	—	(95,562)	(71,491)	683,121	—	—	(273,507)
Disposals	(16,759)	(9,976)	(844,119)	(20,808)	(164,510)	(9,769)	(182,299)	(194,408)	—	—	—	(1,442,648)
Exchange difference	(19,838)	6,268	(38,039)	(21,034)	35,195	187	(15,210)	(57,535)	(70,403)	—	—	(180,409)
At 31 December 2023 and												
1 January 2024	15,176,921	441,191	35,566,529	367,130	3,380,766	99,603	12,411,378	6,444,881	2,226,216	1,759,094	412,885	78,286,594
Additions	317,562	148,105	7,076,195	56,308	655,156	24,722	1,372,220	1,451,763	6,071,057	333,367	164,504	17,670,959
Acquired through business combinations	477,965	33,294	2,539,003	30,036	3,788	696	11,550	—	58,899	—	—	3,155,231
Transfer from construction in progress	1,236,098	5,452	724,430	170	101,525	—	465,833	311,668	(2,845,176)	—	—	—
Transfer to construction in progress	—	—	(478)	—	—	—	(1,883)	(3,860)	690	—	—	(5,531)
Disposals	(1,806)	(16,179)	(435,330)	(14,373)	(247,537)	(5,477)	(410,777)	(236,547)	—	—	—	(1,368,026)
Exchange difference	(227,738)	(12,707)	(103,269)	7,891	(81,955)	(461)	(24,895)	(84,323)	(132,502)	—	—	(659,959)
At 31 December 2024 and												
1 January 2025	16,979,002	599,156	45,367,080	447,162	3,811,743	119,083	13,823,426	7,883,582	5,379,184	2,092,461	577,389	97,079,268
Additions	76,058	109,414	5,807,911	67,065	493,056	27,632	1,792,140	654,503	2,942,743	60,064	103,498	12,134,084

APPENDIX I

ACCOUNTANTS’ REPORT

	Land and Buildings		Office Equipment		Machinery and Equipment		Computer Equipment		Production Support Equipment		Transportation Vehicles		Other Equipment		Molds and Tooling		Construction in progress		Leasehold improvements		Others		Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Acquired through business combinations	5,858,486	619,246	4,779,141	18,132	37,731	6,273	116,586	2,464	410,640	9,253	706,439	12,564,391	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from construction in progress	1,339,056	29,521	916,232	6,123	23,111	4,194	277,224	238,185	(3,168,911)	335,265	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from Investment Properties	102	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	102
Disposals	(87,466)	(120,779)	(2,079,527)	(7,161)	(106,176)	(6,409)	(223,728)	(163,787)	(82,632)	16,052	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,861,613)
Exchange difference	(176,714)	(8,265)	(158,810)	3,442	10,309	2,610	(192,244)	(36,509)	(84,925)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(641,106)
At 30 September 2025	23,988,524	1,228,293	54,632,027	534,763	4,269,774	153,383	15,593,404	8,578,438	5,396,099	2,513,095	1,387,326	118,275,126	—	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation																									
At 1 January 2022	1,732,614	116,875	6,448,631	85,500	840,015	35,372	2,276,337	1,332,468	—	687,876	30,867	13,586,555	—	—	—	—	—	—	—	—	—	—	—	—	—
Provided for the year	565,749	38,898	3,677,296	44,646	435,767	9,557	1,367,255	1,088,813	—	251,898	143,615	7,623,494	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquired through business combinations	85,066	6,816	449,657	48,387	22,040	10,620	25,224	29,181	—	—	—	676,991	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from investment properties	13,348	—	—	—	—	—	—	—	—	—	—	13,348	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to construction in progress	—	—	(167,476)	—	(203,756)	—	(4,095)	(40,310)	—	—	—	(415,637)	—	—	—	—	—	—	—	—	—	—	—	—	—
Disposals	(20,604)	(3,222)	(324,222)	(3,848)	(21,684)	(4,456)	(87,871)	(150,414)	—	—	—	(616,321)	—	—	—	—	—	—	—	—	—	—	—	—	—
Reduction from disposal of subsidiaries	(2)	(143)	(1,759)	—	(42)	—	(120)	—	—	—	—	(2,066)	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange difference	(11,757)	3,670	50,000	6	(25,739)	191	(7,715)	(8)	—	—	—	8,648	—	—	—	—	—	—	—	—	—	—	—	—	—
At 31 December 2022 and																									
1 January 2023	2,364,414	162,894	10,132,127	174,691	1,046,643	51,242	3,569,015	2,259,730	—	939,774	174,482	20,875,012	—	—	—	—	—	—	—	—	—	—	—	—	—
Provided for the year	709,629	64,176	4,610,848	52,831	623,132	12,064	2,067,302	1,479,297	—	348,995	118,461	10,086,735	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer from investment properties	8,438	—	—	—	—	—	—	—	—	—	—	8,438	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to construction in progress	—	—	(175,879)	—	(14,746)	—	(36,042)	(46,840)	—	—	—	(273,507)	—	—	—	—	—	—	—	—	—	—	—	—	—
Disposals	(8,001)	(3,859)	(325,060)	(4,913)	(140,003)	(3,330)	(65,835)	(132,267)	—	—	—	(683,268)	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange difference	10,982	6,379	7,966	(19,079)	25,034	(1,502)	(882)	(48,968)	—	—	—	(20,070)	—	—	—	—	—	—	—	—	—	—	—	—	—
At 31 December 2023 and																									
1 January 2024	3,085,462	229,590	14,250,002	203,530	1,540,060	58,474	5,533,558	3,510,952	—	1,288,769	292,943	29,993,340	—	—	—	—	—	—	—	—	—	—	—	—	—
Provided for the year	779,723	73,216	4,915,438	55,399	578,658	13,349	2,447,793	1,465,308	—	229,213	88,923	10,647,020	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquired through business combinations	237,717	20,572	1,791,608	19,753	1,226	357	7,962	—	—	—	—	2,079,195	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to construction in progress	—	—	(95)	—	—	—	(1,800)	(3,636)	—	—	—	(5,531)	—	—	—	—	—	—	—	—	—	—	—	—	—
Disposals	(874)	(11,271)	(332,623)	(10,509)	(154,258)	(4,825)	(262,293)	(194,511)	—	—	—	(971,164)	—	—	—	—	—	—	—	—	—	—	—	—	—
Exchange difference	869	(7,528)	(49,012)	4,072	(58,860)	(247)	(59,054)	(24,841)	—	—	—	(194,601)	—	—	—	—	—	—	—	—	—	—	—	—	—
At 31 December 2024 and																									
1 January 2025	4,102,897	304,579	20,575,318	272,245	1,906,826	67,108	7,666,166	4,753,272	—	1,517,982	381,866	41,548,259	—	—	—	—	—	—	—	—	—	—	—	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

	Production											Total
	Land and Buildings	Office Equipment	Machinery and Equipment	Computer Equipment	Production Support Equipment	Transportation Vehicles	Other Equipment	Molds and Tooling	Construction in progress	Leasehold improvements	Others	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provided for the year	740,961	100,316	4,566,937	54,302	538,541	12,966	1,970,227	1,200,768	—	170,439	104,749	9,460,206
Disposals	(16,092)	(16,975)	(1,646,435)	(6,036)	(47,555)	(5,706)	(135,545)	(126,643)	—	—	—	(2,000,987)
Exchange difference	(42,293)	(10,636)	(58,874)	2,640	26,228	1,074	(112,304)	(13,744)	—	18,372	7,595	(181,942)
At 30 September 2025	4,785,473	377,284	23,436,946	323,151	2,424,040	75,442	9,388,544	5,813,653	—	1,706,793	494,210	48,825,536
Impairment												
At 1 January 2022	63,257	1,807	249,275	42	2,496	43	14,415	22,781	—	—	—	354,116
Provided for the year	133	67	174,673	260	13,764	5	15,818	28,865	—	—	—	233,585
Acquired through business combinations	—	22	133	—	—	—	—	—	—	—	—	155
Disposals	(133)	(35)	(76,585)	(42)	(6,103)	(5)	(4,142)	(8,505)	—	—	—	(95,550)

APPENDIX I

ACCOUNTANTS’ REPORT

	Land and Buildings		Office Equipment		Machinery and Equipment		Computer Equipment		Production Support Equipment		Transportation Vehicles		Other Equipment		Molds and Tooling		Construction in progress		Leasehold improvements		Others		Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 and																								
1 January 2023	63,257	1,861	347,496	260	10,157	43	26,091	43,141	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	492,306
Provided for the year	—	4	144,040	1,149	17,422	—	26,703	2,358	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	191,676
Disposals	—	(58)	(146,741)	(94)	(16,980)	—	(9,253)	(21,122)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(194,248)
Exchange difference	—	(1,796)	5,551	3	(2,107)	—	900	(2,550)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
At 31 December 2023 and																								
1 January 2024	63,257	11	350,346	1,318	8,492	43	44,441	21,827	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	489,735
Provided for the year	—	6	264,961	246	5,335	—	13,195	9,595	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	293,338
Acquired through business combinations	—	68	4,674	76	—	—	34	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4,852
Disposals	—	(2)	(11,045)	(178)	(7,459)	—	(407)	(21,109)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(40,200)
Exchange difference	—	—	—	—	—	—	(6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6)
At 31 December 2024 and																								
1 January 2025	63,257	83	608,936	1,462	6,368	43	57,257	10,313	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	747,719
Provided for the year	—	6	60,300	581	7,649	—	438	11,886	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	80,860
Disposals	—	(8)	(162,971)	(123)	(2,253)	(74)	(15,212)	(4,013)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(184,654)
Exchange difference	—	—	4,115	—	—	—	(868)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,247
At 30 September 2025	63,257	81	510,380	1,920	11,764	(31)	41,615	18,186	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	647,172
Net book value																								
At 31 December 2022	11,348,610	184,168	21,567,017	203,193	1,903,405	43,442	5,593,702	3,595,092	2,695,377	683,276	127,638	47,944,920												
At 31 December 2023	12,028,202	211,590	20,966,181	162,282	1,832,214	41,086	6,833,379	2,912,102	2,226,216	470,325	119,942	47,803,519												
At 31 December 2024	12,812,848	294,494	24,182,826	173,455	1,898,549	51,932	6,100,003	3,119,997	5,379,184	574,479	195,523	54,783,290												
At 30 September 2025	19,139,794	850,928	30,684,701	209,692	1,833,970	77,972	6,163,245	2,746,599	5,396,099	806,302	893,116	68,802,418												

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Office Equipment	Machinery and Equipment	Computer Equipment	Production Support Equipment	Transportation Vehicles	Other Equipment	Molds and Tooling	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Company											
Cost											
At 1 January 2022	5,576	3,703	132,212	30,230	15,560	6,560	65,761	10,933	16,062	—	286,597
Additions	—	—	16,578	3,076	—	624	19,827	329	142,963	—	183,397
Transfer from construction in progress	—	—	12,996	—	—	—	478	—	(151,614)	—	(138,140)
Disposals	—	(13)	(13,084)	(486)	(2,475)	(1,040)	(9,003)	(135)	(934)	—	(27,170)
At 31 December 2022 and											
1 January 2023	5,576	3,690	148,702	32,820	13,085	6,144	77,063	11,127	6,477	—	304,684
Additions	—	6	14,257	7,015	—	123	3,286	—	5,249	8,796	38,732
Transfer from construction in progress	—	—	7,353	—	—	—	248	—	(7,891)	—	(290)
Disposals	(165)	(17)	(6,787)	(1,919)	(136)	(176)	(2,591)	(243)	(9)	—	(12,043)
At 31 December 2023 and											
1 January 2024	5,411	3,679	163,525	37,916	12,949	6,091	78,006	10,884	3,826	8,796	331,083
Additions	—	—	21,542	45	14	45	12,247	192	11,438	—	45,523
Transfer from construction in progress	—	—	6,040	—	—	—	334	—	(6,374)	—	—
Disposals	—	(24)	(15,185)	(538)	(455)	(978)	(10,825)	(233)	(105)	—	(28,343)

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Office Equipment	Machinery and Equipment	Computer Equipment	Production Support Equipment	Transportation Vehicles	Other Equipment	Molds and Tooling	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and											
1 January 2025	5,411	3,655	175,922	37,423	12,508	5,158	79,762	10,843	8,785	8,796	348,263
Additions	—	—	47,221	263	—	321	14,574	830	55,354	—	118,563
Transfer from construction in progress	—	—	5,087	—	—	—	128	—	(5,215)	—	—
Disposals	—	—	(3,495)	(132)	(119)	(971)	(936)	—	(3,139)	—	(8,792)
At 30 September 2025	5,411	3,655	224,735	37,554	12,389	4,508	93,528	11,673	55,785	8,796	458,034
Depreciation											
At 1 January 2022	3,704	2,583	48,491	10,889	5,982	4,685	35,188	4,980	—	—	116,502
Provided for the year	243	641	15,459	5,019	1,931	490	12,818	2,008	—	—	38,609
Disposals	—	(11)	(5,887)	(341)	(765)	(936)	(5,404)	(15)	—	—	(13,359)
At 31 December 2022 and											
1 January 2023	3,947	3,213	58,063	15,567	7,148	4,239	42,602	6,973	—	—	141,752
Provided for the year	243	79	16,960	5,065	1,364	485	9,037	1,897	—	1,469	36,599
Disposals	(149)	(15)	(3,664)	(1,244)	(85)	(158)	(1,650)	(219)	—	—	(7,184)
At 31 December 2023 and											
1 January 2024	4,041	3,277	71,359	19,388	8,427	4,566	49,989	8,651	—	1,469	171,167
Provided for the year	243	14	17,412	4,451	803	301	7,952	1,107	—	1,614	33,897
Disposals	—	(13)	(7,200)	(484)	(394)	(720)	(7,861)	(210)	—	—	(16,882)
At 31 December 2024 and											
1 January 2025	4,284	3,278	81,571	23,355	8,836	4,147	50,080	9,548	—	3,083	188,182
Provided for the year	182	6	11,292	3,324	441	177	6,829	168	—	1,211	23,630
Disposals	—	—	(558)	(119)	(104)	(874)	(841)	—	—	—	(2,496)
At 30 September 2025	4,466	3,284	92,305	26,560	9,173	3,450	56,068	9,716	—	4,294	209,316
Impairment											
At 31 December 2023 and											
1 January 2024	—	—	—	—	—	—	—	—	—	—	—
Provided for the year	—	—	14,299	—	—	—	—	—	—	—	14,299

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings	Office Equipment	Machinery and Equipment	Computer Equipment	Production Support Equipment	Transportation Vehicles	Other Equipment	Molds and Tooling	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and 1 January 2025 and 30 September 2025	—	—	14,299	—	—	—	—	—	—	—	14,299
Net book value											
At 31 December 2022..	1,629	477	90,639	17,253	5,937	1,905	34,461	4,154	6,477	—	162,932
At 31 December 2023..	1,370	402	92,166	18,528	4,522	1,525	28,017	2,233	3,826	7,327	159,916
At 31 December 2024	1,127	377	80,052	14,068	3,672	1,011	29,682	1,295	8,785	5,713	145,782
At 30 September 2025.	945	371	118,131	10,994	3,216	1,058	37,460	1,957	55,785	4,502	234,419

Note:

(a) Certain property, plant and equipment as at 31 December 2022, 2023, 2024 and 30 September 2025 respectively were pledged to secure bank borrowing and facilities granted to the Group (Note 47).

APPENDIX I

ACCOUNTANTS’ REPORT

19 INVESTMENT PROPERTIES

The Group

	Buildings	Land	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Costs			
At 1 January 2022	55,740	18,427	74,167
Transfer (to)/from PPE, net	(35,946)	11	(35,935)
Acquired through business combinations	68,761	—	68,761
Exchange difference	(230)	(221)	(451)
At 31 December 2022 and 1 January 2023	88,325	18,217	106,542
Transfer to PPE	(71,656)	(6,473)	(78,129)
Exchange difference	357	330	687
At 31 December 2023 and 1 January 2024	17,026	12,074	29,100
Additions	3,820	9,229	13,049
Exchange difference	384	46	430
At 31 December 2024 and 1 January 2025	21,230	21,349	42,579
Additions	844	—	844
Transfer to PPE	—	(102)	(102)
Exchange difference	6,501	515	7,016
At 30 September 2025	<u>28,575</u>	<u>21,762</u>	<u>50,337</u>
Depreciation			
At 1 January 2022	15,167	—	15,167
Provided for the year	5,725	—	5,725
Acquired through business combinations	6,260	—	6,260
Transfer to PPE	(13,348)	—	(13,348)
Exchange difference	(44)	—	(44)
At 31 December 2022 and 1 January 2023	13,760	—	13,760
Provided for the year	328	—	328
Transfer to PPE	(8,438)	—	(8,438)
Exchange difference	96	—	96
At 31 December 2023 and 1 January 2024	5,746	—	5,746
Provided for the year	1,168	—	1,168
At 31 December 2024 and 1 January 2025	6,914	—	6,914
Provided for the year	7,522	—	7,522
Exchange difference	(785)	—	(785)
At 30 September 2025	<u>13,651</u>	<u>—</u>	<u>13,651</u>
Net book value			
At 31 December 2022	<u>74,565</u>	<u>18,217</u>	<u>92,782</u>
At 31 December 2023	<u>11,280</u>	<u>12,074</u>	<u>23,354</u>
At 31 December 2024	<u>14,316</u>	<u>21,349</u>	<u>35,665</u>
At 30 September 2025	<u>14,924</u>	<u>21,762</u>	<u>36,686</u>

APPENDIX I

ACCOUNTANTS’ REPORT

20 LEASES

(a) Amounts recognized 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
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets				
Buildings	940,863	647,355	834,425	2,499,395
Land use right	1,785,782	1,786,231	1,958,152	2,362,917
Office equipment	—	—	—	52,943
Machinery and equipment	787	594	22,889	42,348
Transportation vehicles	99	1,014	1,175	5,843
	<u>2,727,531</u>	<u>2,435,194</u>	<u>2,816,641</u>	<u>4,963,446</u>
Lease liabilities				
—Current	179,282	129,208	153,947	598,429
—Non-current	800,739	552,489	727,983	2,224,677
	<u>980,021</u>	<u>681,697</u>	<u>881,930</u>	<u>2,823,106</u>

Notes:

- (i) Additions to buildings, land use right, office equipment, machinery and equipment and transportation vehicles during the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025 were approximately RMB812,305,000, RMB275,863,000, RMB408,571,000 and RMB431,152,000, respectively.
- (ii) Certain land use rights were pledged to secure bank borrowings and facilities granted to the Group (Note 47).

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Amounts recognized 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
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Depreciation of right-of-use assets (Note 7)	227,430	239,192	308,437	514,982
Interest expense (Note 12)	44,538	27,150	36,018	14,038
Expense relating to short-term leases . .	141,495	201,471	117,612	163,927
Gain on termination of right-of-use assets (Note 10)	3,109	1,258	3,199	6,298

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Right-of-use assets				
Buildings	60,288	41,694	37,622	21,607
Land use right	228,405	224,654	218,026	213,055
	<u>288,693</u>	<u>266,348</u>	<u>255,648</u>	<u>234,662</u>
Lease liabilities				
—Current	17,709	18,610	21,496	14,770
—Non-current	45,690	27,210	19,970	10,132
	<u>63,399</u>	<u>45,820</u>	<u>41,466</u>	<u>24,902</u>

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Depreciation of right-of-use assets	23,140	25,161	24,629	19,590
Interest expense	2,775	2,074	1,472	986
Expense relating to short-term leases . . .	8,682	12,978	13,570	10,049

(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.

APPENDIX I

ACCOUNTANTS’ REPORT

Movement of right-of-use assets

The Group	Buildings	Land use right	Office equipment	Machinery and Equipment	Transportation Vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2022	521,882	1,619,583	—	11,555	142	2,153,162
Additions	576,971	232,724	—	2,610	—	812,305
Acquired through business combinations	273,756	150,099	—	—	—	423,855
Termination of right-of-use assets	(217,156)	11	—	(5,210)	—	(222,355)
Exchange difference	5,563	18,451	—	—	(2)	24,012
At 31 December 2022 and						
1 January 2023	1,161,016	2,020,868	—	8,955	140	3,190,979
Additions	160,985	66,189	—	47,613	1,076	275,863
Termination of right-of-use assets	(450,499)	—	—	(53,591)	—	(504,090)
Exchange difference	9,412	(15,570)	—	—	3	(6,155)
At 31 December 2023 and						
1 January 2024	880,914	2,071,487	—	2,977	1,219	2,956,597
Additions	264,001	143,951	—	—	619	408,571
Acquired through business combinations	285,811	110,558	—	26,864	—	423,233
Termination of right-of-use assets	(156,500)	—	—	(3,344)	—	(159,844)
Exchange difference	3,241	(12,279)	—	13,273	7	4,242
At 31 December 2024 and						
1 January 2025	1,277,467	2,313,717	—	39,770	1,845	3,632,799
Additions	288,563	102,072	7,312	32,217	988	431,152
Acquired through business combinations	1,836,891	465,165	52,927	24,576	5,608	2,385,167
Termination of right-of-use assets	(148,517)	(2,713)	(5,280)	(52,133)	(1,613)	(210,256)
Exchange difference	96,882	(100,790)	—	—	(60)	(3,968)
At 30 September 2025	<u>3,351,286</u>	<u>2,777,451</u>	<u>54,959</u>	<u>44,430</u>	<u>6,768</u>	<u>6,234,894</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Group	Buildings	Land use right	Office equipment	Machinery and Equipment	Transportation Vehicles	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>
Depreciation						
At 1 January 2022	101,762	160,579	—	6,761	45	269,147
Provided for the year	162,515	58,563	—	6,311	41	227,430
Acquired through business combinations	33,877	14,828	—	—	—	48,705
Termination of right-of-use assets	(84,929)	—	—	(4,904)	—	(89,833)
Exchange difference	6,928	1,116	—	—	(45)	7,999
At 31 December 2022 and						
1 January 2023	220,153	235,086	—	8,168	41	463,448
Provided for the year	144,034	62,801	—	32,194	163	239,192
Termination of right-of-use assets	(129,806)	—	—	(37,979)	—	(167,785)
Exchange difference	(822)	(12,631)	—	—	1	(13,452)
At 31 December 2023 and						
1 January 2024	233,559	285,256	—	2,383	205	521,403
Provided for the year	233,578	68,100	—	6,294	465	308,437
Acquired through business combinations	112,144	3,502	—	10,163	—	125,809
Termination of right-of-use assets	(137,841)	—	—	(3,229)	—	(141,070)
Exchange difference	1,602	(1,293)	—	1,270	—	1,579
At 31 December 2024 and						
1 January 2025	443,042	355,565	—	16,881	670	816,158
Provided for the year	411,227	61,514	7,967	33,398	876	514,982
Termination of right-of-use assets	(84,158)	(96)	(5,387)	(47,440)	(576)	(137,657)
Exchange difference	81,780	(2,449)	(564)	(757)	(45)	77,965
At 30 September 2025	<u>851,891</u>	<u>414,534</u>	<u>2,016</u>	<u>2,082</u>	<u>925</u>	<u>1,271,448</u>
Net book value						
At 31 December 2022	<u>940,863</u>	<u>1,785,782</u>	<u>—</u>	<u>787</u>	<u>99</u>	<u>2,727,531</u>
At 31 December 2023	<u>647,355</u>	<u>1,786,231</u>	<u>—</u>	<u>594</u>	<u>1,014</u>	<u>2,435,194</u>
At 31 December 2024	<u>834,425</u>	<u>1,958,152</u>	<u>—</u>	<u>22,889</u>	<u>1,175</u>	<u>2,816,641</u>
At 30 September 2025	<u>2,499,395</u>	<u>2,362,917</u>	<u>52,943</u>	<u>42,348</u>	<u>5,843</u>	<u>4,963,446</u>

The Company	Buildings	Land use right	Machinery and Equipment	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost				
At 1 January 2022	75,953	—	2,723	78,676
Additions	13,024	232,619	—	245,643
At 31 December 2022 and				
1 January 2023	88,977	232,619	2,723	324,319
Additions	—	2,839	—	2,839
Termination of right-of-use assets	(532)	—	—	(532)
At 31 December 2023 and				
1 January 2024	88,445	235,458	2,723	326,626
Additions	15,539	—	—	15,539
Termination of right-of-use assets	(2,470)	—	(2,723)	(5,193)
Exchange difference	(1,610)	—	—	(1,610)

APPENDIX I

ACCOUNTANTS’ REPORT

The Company	Buildings	Land use right	Machinery and Equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2024 and 1 January 2025	99,904	235,458	—	335,362
Additions	1,953	—	—	1,953
Termination of right-of-use assets	(3,093)	—	—	(3,093)
Exchange difference	(1,579)	—	—	(1,579)
At 30 September 2025	<u>97,185</u>	<u>235,458</u>	<u>—</u>	<u>332,643</u>
Depreciation				
At 1 January 2022	10,127	—	2,359	12,486
Provided for the year	18,562	4,214	364	23,140
At 31 December 2022 and 1 January 2023	28,689	4,214	2,723	35,626
Provided for the year	18,571	6,590	—	25,161
Termination of right-of-use assets	(509)	—	—	(509)
At 31 December 2023 and 1 January 2024	46,751	10,804	2,723	60,278
Provided for the year	18,001	6,628	—	24,629
Termination of right-of-use assets	(2,470)	—	(2,723)	(5,193)
At 31 December 2024 and 1 January 2025	62,282	17,432	—	79,714
Provided for the year	14,619	4,971	—	19,590
Termination of right-of-use assets	(1,323)	—	—	(1,323)
At 30 September 2025	<u>75,578</u>	<u>22,403</u>	<u>—</u>	<u>97,981</u>
Net book value				
At 31 December 2022	<u>60,288</u>	<u>228,405</u>	<u>—</u>	<u>288,693</u>
At 31 December 2023	<u>41,694</u>	<u>224,654</u>	<u>—</u>	<u>266,348</u>
At 31 December 2024	<u>37,622</u>	<u>218,026</u>	<u>—</u>	<u>255,648</u>
At 30 September 2025	<u>21,607</u>	<u>213,055</u>	<u>—</u>	<u>234,662</u>

APPENDIX I

ACCOUNTANTS’ REPORT

21 GOODWILL

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Cost				
At the beginning of the year	1,433,660	1,766,342	1,766,342	1,922,926
Acquisition of subsidiaries (<i>Note a</i>)	332,682	—	157,038	378,274
Disposal of subsidiaries	—	—	(454)	(50,069)
At the end of the year.	<u>1,766,342</u>	<u>1,766,342</u>	<u>1,922,926</u>	<u>2,251,131</u>
Impairment				
At the beginning of the year	36,295	36,295	37,099	37,099
Impairment loss recognized (<i>Note b</i>)	—	804	—	—
Disposal.	—	—	—	(455)
At the end of the year.	<u>36,295</u>	<u>37,099</u>	<u>37,099</u>	<u>36,644</u>
Carrying values				
At the end of the year.	<u>1,730,047</u>	<u>1,729,243</u>	<u>1,885,827</u>	<u>2,214,487</u>

Notes:

- (a) Goodwill is recognized in connection with business acquisitions. The cost of goodwill increased from approximately RMB1,766 million as at 31 December 2022 to RMB1,923 million as at 31 December 2024. The increase of goodwill in 2022 is mainly due to the acquisition of Time Interconnect Technology Limited (“**Time Interconnect Group**”) and 深圳市華榮科技有限公司. The cost of goodwill increased from approximately RMB1,923 million as at 31 December 2024 to RMB2,251 million as at 30 September 2025. The increase of goodwill in 2025 is mainly due to the acquisition of the Other Mainland Consumer Electronics Businesses of Wingtech (“**Other Mainland Consumer Electronics Businesses**”) (Note 46 (c) (iv)).
- (b) As at 31 December 2023, management has determined that the 浙江普興電子科技有限公司 (浙江普興) CGU is expected to generate losses in the future. Therefore, the entire carrying amount of goodwill amounting to RMB804,000 related to this CGU has been fully impaired.

The Company	As 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount at the end of the year .	<u>53,174</u>	<u>53,174</u>	<u>53,174</u>	<u>53,174</u>

Goodwill arising from business combinations is allocated to the following CGUs for impairment testing:

- Lanto Electronic Limited (“**Lanto Kunshan**”)
- Luxcase Precision Technology (Yancheng) Co., Ltd. (“**Luxcase ICT Yancheng**”)
- Time Interconnect Technology Limited (“**Time Interconnect Group**”)
- Other Mainland Consumer Electronics Businesses
- Others

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lanto Kunshan CGU	376,682	376,682	376,682	376,682
Luxcase ICT Yancheng CGU	814,785	814,785	814,785	814,785
Time Interconnect Group CGU	175,669	175,669	175,669	175,669
Other Mainland Consumer Electronics Businesses CGU	—	—	—	210,734
Other CGUs	362,911	362,107	518,691	636,617
At the end of the year	<u>1,730,047</u>	<u>1,729,243</u>	<u>1,885,827</u>	<u>2,214,487</u>

As stated in Note 2.2.15, goodwill would be tested for impairment annually, at the end of the reporting period. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less cost to sell, the difference of which would be recognized in profit and loss immediately.

Fair Value Less Cost to Sell

When assessing the impairment of goodwill for listed company, the valuation technique to determine the recoverable amount is fair value less cost to sell. Fair value is based on the fair value of stocks issued in the public market.

Based on such valuation technique, no impairment of goodwill was identified.

Value in Use

For remaining company, the valuation technique used to determine the recoverable amount of the groups (or groups of cash-generating units) are value in use. Value in use is calculated as present value of future cash flows, which is based on business plans approved by management. The business plan covers a five-year period and incorporates a risk-adjusted discount rate. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

Certain key assumptions were used in the calculation of value in use for the CGUs as at 31 December 2022, 2023 and 2024. The following set out the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill.

As at 31 December 2022, 2023 and 2024, the recoverable amounts of the CGU were determined from value-in-use calculations based on cash flow projections which were based on financial forecasts covering the expected life of 5 years of the operation. Management determined budgeted gross margin based on past performance and the expected future performance. The discount rates reflect the specific risks relating to the CGUs. The price of products and services sold by each CGU were with reference to current market information available at the time of impairment assessment.

APPENDIX I

ACCOUNTANTS’ REPORT

The key assumptions of major goodwill are as below:

The cash flow projections covered a period approved by management as follows:

	As at 31 December		
	2022	2023	2024
Lanto Kunshan CGU.	5 years	5 years	5 years
Luxcase ICT Yancheng CGU.	5 years	5 years	5 years

The growth rate of revenue applied to the cash flow projections are as follows:

	As at 31 December		
	2022	2023	2024
	%	%	%
Lanto Kunshan CGU.	1.5–2.02	1.0–2.1	1.0–1.06
Luxcase ICT Yancheng CGU.	17.7–20.0	14.1–15.2	8.0–9.7

This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry.

The pre-tax discount rate applied to the cash flow projections are as follows:

	As at 31 December		
	2022	2023	2024
	%	%	%
Lanto Kunshan CGU.	12.18	12.29	13.65
Luxcase ICT Yancheng CGU.	13.47	13.50	14.84

The pre-tax discount rate is the expected return of the Group’s assets that reflects current market assessments of the time value of money and the specific risk associated with the CGU, after taking into account the weighted average cost of equity and debt.

Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows include budgeted sales and gross margins, such estimation is based on the CGU’s past performance and management’s expectations for market development.

As of 31 December 2022, 2023 and 2024, the recoverable amount of Lanto Kunshan CGU is approximately RMB16,911 million, RMB10,196 million and RMB9,447 million, respectively. The headroom measured by the excess of the recoverable amount over the carrying amount of Lanto Kunshan CGU was RMB10,795 million, RMB4,704 million and RMB4,008 million as of 31 December 2022, 2023 and 2024, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lanto Kunshan CGU was recognized as of 31 December 2022, 2023 and 2024.

The Group performed the sensitivity analysis based on the assumption that the pre-tax discount rate and the annual growth rate of revenue have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased to the following:

APPENDIX I

ACCOUNTANTS’ REPORT

	As of 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual growth rate of revenue decreases by			
5%	7,982,787	2,946,228	2,215,806
Pre-tax discount rate increases by 3%	7,557,498	2,645,917	2,047,211

As of 31 December 2022, 2023 and 2024, the recoverable amount of Luxcase ICT Yancheng CGU is approximately RMB25,973 million, RMB29,763 million and RMB23,068 million respectively. The headroom measured by the excess of the recoverable amount over the carrying amount of Luxcase ICT Yancheng CGU was RMB11,784 million, RMB13,572 million and RMB5,160 million as of 31 December 2022, 2023 and 2024, respectively. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Luxcase ICT Yancheng CGU was recognized as of 31 December 2022, 2023 and 2024.

The Group performed the sensitivity analysis based on the assumption that the pre-tax discount rate and the annual growth rate of revenue have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would have decreased to the following:

	As of 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual growth rate of revenue decreases by			
5%	6,193,669	8,720,765	1,118,412
Pre-tax discount rate increases by 3%	5,240,191	7,615,724	355,694

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount as of 31 December 2022, 2023 and 2024, respectively.

As of 30 September 2025, the management is not aware of any significant adverse changes on the Time Interconnect Group CGU, Lanto Kunshan CGU and Luxcase ICT Yancheng CGU that indicates the carrying amount of the cash-generating unit exceeds its recoverable amount. As a result, no impairment assessment as at 30 September 2025 was performed.

Since the acquisition of Other Mainland Consumer Electronics Businesses CGU was completed in July 2025, management has determined that no impairment indicators exist. Accordingly, no impairment assessment is required as of 30 September 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

22 INTANGIBLE ASSETS

The Group	Patent Rights	Non-patented Technology	Software	Customer Relationships (Note (a))	Internally Generated Technology (Note (b))	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Costs							
At 1 January 2022	5,138	115,052	280,410	107,955	—	—	508,555
Additions	4,290	13,199	86,383	1,523	—	168	105,563
Acquired through business combinations . .	184,939	—	7,677	—	—	146	192,762
Disposals	—	—	(32,768)	—	—	—	(32,768)
Exchange difference	(4)	(33,778)	34,675	(1,360)	—	—	(467)
At 31 December 2022 and 1 January 2023	194,363	94,473	376,377	108,118	—	314	773,645
Additions	2,145	36,831	84,450	—	—	267	123,693
Disposals	(118)	(509)	(39,168)	—	—	(168)	(39,963)
Exchange difference	6	(14,511)	14,864	1,950	—	(146)	2,163
At 31 December 2023 and 1 January 2024	196,396	116,284	436,523	110,068	—	267	859,538
Additions	6,929	46,092	116,939	—	—	—	169,960
Acquired through business combinations . .	3,053	—	22,636	—	—	420	26,109
Disposals	—	(1,107)	(7,260)	—	—	—	(8,367)
Exchange difference	(15)	(2,224)	131	(4,043)	—	10	(6,141)
At 31 December 2024 and 1 January 2025	206,363	159,045	568,969	106,025	—	697	1,041,099
Additions	1,593	36,963	135,705	—	—	503	174,764
Acquired/(disposed) through business combinations	282,631	79,321	127,341	(730)	599,679	12,792	1,101,034
Transfer from internally development . . .	59,977	5,553	—	—	(65,530)	—	—
Internally development	—	—	—	—	74,445	—	74,445
Disposals	(42,850)	(2,447)	(12,590)	—	—	—	(57,887)
Exchange difference	(16,993)	(41,742)	10,634	(18,776)	16,652	(9,510)	(59,735)
At 30 September 2025	490,721	236,693	830,059	86,519	625,246	4,482	2,273,720

APPENDIX I

ACCOUNTANTS’ REPORT

The Group	Patent Rights	Non-patented Technology	Software	Customer Relationships (Note (a))	Internally Generated Technology (Note (b))	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation							
At 1 January 2022	432	44,821	110,782	6,194	—	—	162,229
Provided for the year	1,022	12,647	87,529	11,095	—	13	112,306
Acquired through business combinations . .	30,823	—	2,656	—	—	132	33,611
Disposals	—	—	(17,400)	—	—	—	(17,400)
Exchange difference	(2)	(14,480)	162	(78)	—	—	(14,398)
At 31 December 2022 and							
1 January 2023	32,275	42,988	183,729	17,211	—	145	276,348
Provided for the year	42,834	28,909	88,716	9,745	—	125	170,329
Disposals	(118)	(479)	(36,830)	—	—	(25)	(37,452)
Exchange difference	4	(8,669)	8,497	310	—	(139)	3
At 31 December 2023 and							
1 January 2024	74,995	62,749	244,112	27,266	—	106	409,228
Provided for the year	44,124	43,182	95,735	8,944	—	—	191,985
Acquired through business combinations . .	—	—	16,112	—	—	—	16,112
Disposals	—	(618)	(4,455)	—	—	—	(5,073)
Exchange difference	(11)	(825)	45	(1,002)	—	2	(1,791)
At 31 December 2024 and							
1 January 2025	119,108	104,488	351,549	35,208	—	108	610,461
Provided for the year	166,116	36,576	107,479	7,206	—	1,480	318,857
Disposals	(28,907)	(2,447)	(8,267)	—	—	—	(39,621)
Exchange difference	(154,862)	1,240	373	(18,241)	1,712	2,326	(167,452)
At 30 September 2025	<u>101,455</u>	<u>139,857</u>	<u>451,134</u>	<u>24,173</u>	<u>1,712</u>	<u>3,914</u>	<u>722,245</u>
Impairment							
At 1 January 2022, 31 December 2022, 31 December 2023 and							
1 January 2024	—	—	—	—	—	—	—
Acquired through business combinations . .	—	—	187	—	—	—	187
At 31 December 2024 and							
1 January 2025	—	—	187	—	—	—	187
Provided for the year	—	—	119	—	—	—	119
Disposal	(3,837)	—	—	—	—	—	(3,837)
Exchange difference	(1,240)	—	1	—	—	—	(1,239)
At 30 September 2025	<u>(5,077)</u>	<u>—</u>	<u>307</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,770)</u>
Net book value							
At 31 December 2022	<u>162,088</u>	<u>51,485</u>	<u>192,648</u>	<u>90,907</u>	<u>169</u>	<u>—</u>	<u>497,297</u>
At 31 December 2023	<u>121,401</u>	<u>53,535</u>	<u>192,411</u>	<u>82,802</u>	<u>161</u>	<u>—</u>	<u>450,310</u>
At 31 December 2024	<u>87,255</u>	<u>54,557</u>	<u>217,233</u>	<u>70,817</u>	<u>589</u>	<u>—</u>	<u>430,451</u>
At 30 September 2025	<u>394,343</u>	<u>96,836</u>	<u>378,618</u>	<u>62,346</u>	<u>623,534</u>	<u>568</u>	<u>1,556,245</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Note:

- (a) Such intangible assets arose from the acquisition of 城堡岩石股份有限公司 in April 2019 and CalDigit Holding Limited in May 2020 based on the valuation prepared by an independent external valuer adopting the multi-period excess earnings method under the income approach. The intangible assets were evaluated based on Operating conditions, revenue growth and profitability over the past three years. As at the date of the valuation, the relationships with Core Customers have been well-established, strong and achieved through track records of quality product deliveries. These intangible assets enable 城堡岩石股份有限公司 and CalDigit Holding Limited to have stable source of revenue and also provide a solid foundation for business growth and development.
- (b) Internally generated technology, which are intangible assets not yet ready for use, are tested for impairment annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related. Internally generated technology are used by Other Mainland Consumer Electronics Businesses CGU, which was acquired by the Group in July 2025. The management is not aware of any significant adverse changes on the Other Mainland Consumer Electronics Businesses CGU that indicates the carrying amount of the cash-generating unit exceeds its recoverable amount. As a result, no impairment assessment as at 30 September 2025 was performed.

The Company	Patent Rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Costs			
At 1 January 2022	—	121,059	121,059
Additions	1,120	42,852	43,972
Disposals	—	(1,083)	(1,083)
At 31 December 2022 and 1 January 2023 . . .	1,120	162,828	163,948
Additions	—	35,971	35,971
Disposals	—	(32,837)	(32,837)
At 31 December 2023 and 1 January 2024 . . .	1,120	165,962	167,082
Additions	—	66,821	66,821
At 31 December 2024 and 1 January 2025 . . .	1,120	232,783	233,903
Additions	—	61,753	61,753
At 30 September 2025	<u>1,120</u>	<u>294,536</u>	<u>295,656</u>
Depreciation			
At 1 January 2022	—	49,780	49,780
Provided for the year	37	30,283	30,320
Disposals	—	(313)	(313)
At 31 December 2022 and 1 January 2023 . . .	37	79,750	79,787
Provided for the year	224	36,483	36,707
Disposals	—	(32,378)	(32,378)
At 31 December 2023 and 1 January 2024 . . .	261	83,855	84,116
Provided for the year	224	49,192	49,416
At 31 December 2024 and 1 January 2025 . . .	485	133,047	133,532
Provided for the year	168	53,221	53,389
At 30 September 2025	<u>653</u>	<u>186,268</u>	<u>186,921</u>
Impairment			
At 1 January 2022, 31 December 2022, 31 December 2023, 31 December 2024 and 1 January 2025	—	—	—
Provided for the year	—	119	119
	<u>—</u>	<u>119</u>	<u>119</u>
Net book value			
At 31 December 2022	<u>1,083</u>	<u>83,078</u>	<u>84,161</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company	Patent Rights	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023	859	82,107	82,966
At 31 December 2024	635	99,736	100,371
At 30 September 2025	467	108,149	108,616

23 DEFERRED TAX ASSETS/LIABILITIES

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

The Group

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	1,225,688	1,329,940	1,659,322	4,706,075
Set-off with deferred tax liabilities pursuant to set-off provision	(17,106)	(456,996)	(841,629)	(2,388,188)
	<u>1,208,582</u>	<u>872,944</u>	<u>817,693</u>	<u>2,317,887</u>
Deferred tax liabilities	1,623,751	1,340,921	1,797,450	3,817,198
Set-off with deferred tax assets pursuant to set-off provision	(17,106)	(456,996)	(841,629)	(2,388,188)
	<u>1,606,645</u>	<u>883,925</u>	<u>955,821</u>	<u>1,429,010</u>

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

The Company

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	13,422	25,479	27,151	22,383
Set-off with deferred tax liabilities pursuant to set-off provision	(7,634)	(25,479)	(16,752)	(22,383)
	<u>5,788</u>	<u>—</u>	<u>10,399</u>	<u>—</u>
Deferred tax liabilities	67,865	44,986	16,752	26,148
Set-off with deferred tax assets pursuant to set-off provision	(7,634)	(25,479)	(16,752)	(22,383)
	<u>60,231</u>	<u>19,507</u>	<u>—</u>	<u>3,765</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The followings are the major deferred tax assets and liabilities recognized and movements thereon before offsetting during the Track Record Period:

The Group

DEFERRED TAX ASSETS	Impairment allowance	Unused Tax Losses	Unrealized intercompany profits	Government Grants	Share-based Payment	Fixed Asset Depreciation	Lease Liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	63,107	544,803	65,366	87,213	75,532	37,232	2,009	15,953	891,215
Credit to profit or loss	56,274	170,669	17,235	12,509	32,309	3,039	16,846	17,283	326,164
Charged to other comprehensive income	—	—	—	—	—	—	—	(27)	(27)
Acquired through business combinations	—	500	—	—	—	—	—	—	500
Exchange difference	1,427	4,327	455	317	819	256	74	161	7,836
As at 31 December 2022 and									
1 January 2023	120,808	720,299	83,056	100,039	108,660	40,527	18,929	33,370	1,225,688
Credit/(charged) to profit or loss	111,733	(265,698)	14,271	(5,643)	59,257	129,370	57,880	8,942	110,112
Credit to other comprehensive income	—	—	—	—	—	—	—	3,445	3,445
Exchange difference	(8,172)	19,434	(1,121)	413	(4,336)	(9,236)	(5,273)	(1,014)	(9,305)
As at 31 December 2023 and									
1 January 2024	224,369	474,035	96,206	94,809	163,581	160,661	71,536	44,743	1,329,940
Credit/(charged) to profit or loss	59,659	81,808	10,964	9,499	(18,017)	72,957	14,454	(13,980)	217,344
Credit to other comprehensive income	—	—	—	—	—	—	—	757	757
Acquired through business combinations	44,397	—	938	221	—	32,272	27,478	—	105,306
Exchange difference	1,640	2,249	270	261	(495)	1,909	396	(255)	5,975
As at 31 December 2024 and									
1 January 2025	330,065	558,092	108,378	104,790	145,069	267,799	113,864	31,265	1,659,322
Credit/(charged) to profit or loss	367,310	497,531	8,615	(5,919)	191,780	64,104	541,840	2,956	1,668,217
Credit to other comprehensive income	—	—	—	—	—	—	—	91	91
Acquired through business combinations	363,546	495,983	9,388	18,866	36,066	284,098	153,696	26,221	1,387,864
Exchange difference	—	—	(192)	78	(3,026)	2,643	(8,825)	(97)	(9,419)
As at 30 September 2025	1,060,921	1,551,606	126,189	117,815	369,889	618,644	800,575	60,436	4,706,075

APPENDIX I

ACCOUNTANTS’ REPORT

The Group

DEFERRED TAX LIABILITIES	Appraisal increment of assets in business combinations under non-common control	Accelerated depreciation of fixed assets	Undistributed profits of affiliates	Right-of-use asset	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	171,173	905,906	129,259	—	65,754	1,272,092
Credit/(charged) to profit or loss	(16,212)	275,266	42,223	17,106	17,233	335,616
Credit to other comprehensive income	—	—	—	—	23,274	23,274
Acquired through business combinations	—	—	—	—	454	454
Exchange differences	391	(6,642)	(1,019)	—	(415)	(7,685)
As at 31 December 2022 and						
1 January 2023	155,352	1,174,530	170,463	17,106	106,300	1,623,751
Credit/(charged) to profit or loss	(18,072)	(381,287)	38,826	53,332	34,203	(272,998)
Charged to other comprehensive income	—	—	—	—	(28,549)	(28,549)
Exchange differences	1,322	27,888	(2,839)	(5,153)	(2,501)	18,717
As at 31 December 2023 and						
1 January 2024	138,602	821,131	206,450	65,285	109,453	1,340,921
Credit/(charged) to profit or loss	(14,213)	240,336	28,142	14,081	160,258	428,604
Credit/(charged) to other comprehensive income	—	—	—	—	(18,540)	(18,540)
Acquired through business combinations	—	1,559	7,441	25,682	—	34,682
Exchange differences	(391)	6,610	775	387	4,402	11,783
As at 31 December 2024 and						
1 January 2025	123,998	1,069,636	242,808	105,435	255,573	1,797,450
Credit/(charged) to profit or loss	297,458	511,222	92,379	553,677	170,782	1,625,518
Credit/(charged) to other comprehensive income	—	—	—	—	12,049	12,049
Acquired through business combinations	—	185,531	—	140,877	20,507	346,915
Exchange differences	6,453	10,835	2,004	7,888	8,086	35,266
As at 30 September 2025	427,909	1,777,224	337,191	807,877	466,997	3,817,198

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

DEFERRED TAX ASSETS	Impairment loss	Government grant	Share based payment	Fair value adjustment through other comprehensive income	Right of use asset	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	1,305	1,374	6,580	27	187	9,473
Credit/(charge) to profit or loss for the year	670	(510)	(4,126)	—	7,941	3,975
Charge to other comprehensive income . .	—	—	—	(26)	—	(26)
At 31 December 2022 and 1 January 2023	1,975	864	2,454	1	8,128	13,422
Credit/(charge) to profit or loss for the year	2,973	(322)	7,217	—	(1,255)	8,613
Credit to other comprehensive income . .	—	—	—	3,444	—	3,444
At 31 December 2023 and 1 January 2024	4,948	542	9,671	3,445	6,873	25,479
Credit/(charge) to profit or loss for the year	1,332	(239)	474	—	(653)	914
Credit to other comprehensive income . .	—	—	—	758	—	758
At 31 December 2024 and 1 January 2025	6,280	303	10,145	4,203	6,220	27,151
Credit/(charge) to profit or loss for the year	(2,104)	(179)	—	—	(2,485)	(4,768)
As at 30 September 2025	<u>4,176</u>	<u>124</u>	<u>10,145</u>	<u>4,203</u>	<u>3,735</u>	<u>22,383</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

DEFERRED TAX LIABILITIES	Valuation of Derivative Financial Instruments	Fair Value Changes on Other Equity Instruments	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	5,668	28,784	—	34,452
Credit to profit or loss for the year.	2,506	—	7,634	10,140
Credit to other comprehensive income . .	—	23,273	—	23,273
At 31 December 2022 and 1 January 2023	8,174	52,057	7,634	67,865
Credit/(charge) to profit or loss for the year.	7,049	—	(1,380)	5,669
Charge to other comprehensive income . .	—	(28,548)	—	(28,548)
At 31 December 2023 and 1 January 2024	15,223	23,509	6,254	44,986
Charge to profit or loss for the year.	(9,084)	—	(611)	(9,695)
Charge to other comprehensive income . .	—	(18,539)	—	(18,539)
At 31 December 2024 and 1 January 2025	6,139	4,970	5,643	16,752
Charge to profit or loss for the year . . .	(160)	—	(2,402)	(2,562)
Charge to other comprehensive income . .	—	11,958	—	11,958
As at 30 September 2025	<u>5,979</u>	<u>16,928</u>	<u>3,241</u>	<u>26,148</u>

APPENDIX I

ACCOUNTANTS’ REPORT

24 INVENTORIES

As at 31 December 2022, 2023, 2024 and 30 September 2025, the inventories held by the Group for sales are shown by categories as below:

The Group

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	8,805,902	7,122,403	8,389,250	15,579,908
Materials in Transit.	38,828	27,648	45,746	289,857
Consumable Supplies	319,287	137,194	441,841	771,479
Outsourced Processing Materials	21,425	7,662	88,904	68,414
Work in Progress	4,968,546	5,171,213	6,905,616	11,914,848
Finished Goods	23,761,428	17,873,073	16,723,010	23,261,901
Goods in Transit	112,858	80,403	101,539	927,369
Less: provision.	(762,623)	(1,012,114)	(1,208,810)	(1,234,811)
	<u>37,265,651</u>	<u>29,407,482</u>	<u>31,487,096</u>	<u>51,578,965</u>

During the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025, inventories recognized as cost of sales amounted to RMB37,065 million, RMB29,147 million, RMB26,115 million and RMB28,843 million, respectively, and including reversal of provision for inventories recognized as cost of sales amounted to RMB206 million, RMB762 million, RMB789 million and RMB702 million, respectively.

The Company

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	115,362	86,544	114,493	228,726
Consumable Supplies	259	92	83	499
Work in Progress	69,538	83,079	63,885	131,292
Finished Goods	177,178	142,182	203,650	167,230
Goods in Transit	15,957	23,330	19,841	7,932
Less: provision.	(13,170)	(28,967)	(22,463)	(11,319)
	<u>365,124</u>	<u>306,260</u>	<u>379,489</u>	<u>524,360</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The movement of provision of inventory is as follows:

The Group	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
At the beginning of the year	354,967	762,623	1,012,114	1,012,114	1,208,810
Acquired through business combinations	574	—	85,323	17,028	—
Provision	613,237	1,009,956	908,440	427,935	782,105
Written off	(205,927)	(762,830)	(789,279)	(435,198)	(701,607)
Exchange difference	(228)	2,365	(7,788)	10,881	(54,497)
At the end of the year	<u>762,623</u>	<u>1,012,114</u>	<u>1,208,810</u>	<u>1,032,760</u>	<u>1,234,811</u>
The Company	As at 31 December			As at 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
At the beginning of the year	8,701	13,170	28,967	28,967	22,463
Provision	4,469	15,797	(6,504)	(5,054)	(11,144)
At the end of the year	<u>13,170</u>	<u>28,967</u>	<u>22,463</u>	<u>23,913</u>	<u>11,319</u>

25 CONTRACT FULFILLMENT COSTS

The Group	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract fulfillment costs	97,679	466,879	222,914	425,646
Less: provision	—	(116,430)	(7,334)	(7,838)
	<u>97,679</u>	<u>350,449</u>	<u>215,580</u>	<u>417,808</u>

During the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2024 and 30 September 2025, contract fulfillment costs recognized as cost of sales amounted to RMB Nil, RMB98 million, RMB350 million and RMB194 million, respectively, and including provision for contract fulfillment costs recognized as cost of sales amounted to RMB Nil, RMB116 million, RMB7 million and RMB8 million, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Provision for contract fulfillment costs was recognized for the amount by which the carrying amount of the contract fulfillment costs exceeds its net realizable value and was recorded in “cost of sales” in the consolidated statements of profit or loss and other comprehensive income. Provision for contract fulfillment costs movements for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2024 and 30 September 2025 are as below:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
At the beginning of the year	—	—	116,430	116,430	7,334
Provision	—	116,430	7,280	5,791	508
Written off	—	—	(116,430)	(116,430)	—
Exchange difference	—	—	54	(72)	(4)
At the end of the year	—	116,430	7,334	5,719	7,838

APPENDIX I

ACCOUNTANTS’ REPORT

26 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at
				30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at FVTPL (<i>Note 27</i>) . . .	1,388,967	1,756,464	1,442,423	3,376,811
Financial assets at FVTOCI (<i>Note 28</i>) . .	440,107	836,707	1,219,049	2,006,186
Derivative Financial Instruments (<i>Note 29</i>)	—	—	—	98,373
Financial assets at amortized cost:				
—Trade and note receivables (<i>Note 31</i>)	26,993,122	23,765,555	32,910,872	51,993,186
—Other receivables (excluded prepayments and VAT recoverable) (<i>Note 30</i>)	450,105	380,349	944,815	1,279,747
—Restricted bank deposits (<i>Note 32</i>) . . .	2,054,791	3,935,387	1,092,553	2,239,868
—Term deposit (<i>Note 32</i>)	1,846,702	10,120,341	34,381,656	36,152,760
—Cash and cash equivalents (<i>Note 32</i>)	17,312,418	29,684,152	47,267,103	54,207,158
	<u>50,486,212</u>	<u>70,478,955</u>	<u>119,258,471</u>	<u>151,354,089</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss (<i>Note 39</i>)	44,318	117,942	155,279	458,097
Derivative Financial Instruments (<i>Note 29</i>)	—	—	—	30,824
Financial liabilities at amortized cost:				
—Trade and note payables (<i>Note 34</i>) . . .	44,424,833	42,498,591	57,712,870	82,603,046
—Other payables and accruals (excluding payroll and welfare payables and other taxes payable) (<i>Note 35</i>)	6,349,584	4,309,188	8,755,829	7,034,059
—Borrowings (<i>Note 33</i>)	24,946,052	35,241,450	57,035,396	85,551,175
—Lease liabilities (<i>Note 20</i>)	980,021	681,697	881,930	2,823,106
—Short-term financing bills (<i>Note 38</i>)	3,840,115	802,722	5,039,812	3,216,283
Medium-term notes (<i>Note 37</i>)	—	—	—	3,039,198
	<u>80,584,923</u>	<u>83,651,590</u>	<u>129,581,116</u>	<u>184,755,788</u>

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at FVTPL:

- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognize fair value gains or losses through OCI.
- derivative financial assets for which the USD/CNY forward exchange contracts.

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
The Group				
Financial assets				
Non-current assets				
Financial assets at FVTPL				
—Equity investments (<i>Note a</i>)	35,700	35,700	39,312	41,548
	<u>35,700</u>	<u>35,700</u>	<u>39,312</u>	<u>41,548</u>
Current assets				
Financial assets at FVTPL				
—Wealth management products				
(“WMPs”) (<i>Note b</i>)	1,326,227	1,628,279	1,300,228	3,286,689
—Derivative financial assets	27,040	92,485	102,883	48,574
	<u>1,353,267</u>	<u>1,720,764</u>	<u>1,403,111</u>	<u>3,335,263</u>
The Company				
Financial assets				
Non-current assets				
Financial assets at FVTPL				
—Equity investments (<i>Note a</i>)	614,490	570,000	570,000	570,000
	<u>614,490</u>	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>
Current assets				
Financial assets at FVTPL				
—Wealth management products				
(“WMPs”) (<i>Note b</i>)	425,161	339,581	219,657	943,686
	<u>425,161</u>	<u>339,581</u>	<u>219,657</u>	<u>943,686</u>

Notes

- (a) 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.
- (b) Wealth management products at FVTPL represents the subscription of the wealth management products of several financial institutions in PRC which are unsecured and with variable interest rates. The wealth management products can be purchased or disposed at any date during the open days. The Group measures the investments at fair value using the present value method.

APPENDIX I

ACCOUNTANTS’ REPORT

28 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Non-current assets				
—Equity investments (<i>Note a</i>)	440,107	249,122	112,765	224,125
	440,107	249,122	112,765	224,125
Current assets				
—Note receivables measured at FVTOCI (<i>Note b</i>)	—	587,585	1,106,284	1,782,061
	—	587,585	1,106,284	1,782,061

The Company

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Non-current assets				
—Equity investments	436,417	244,727	108,337	201,755
	436,417	244,727	108,337	201,755
Current assets				
—Note receivables measured at FVTOCI	—	5,120	10,673	24,670
	—	5,120	10,673	24,670

Notes:

- (a) Equity investments comprise unlisted securities of RMB97.7 million, RMB76.4 million, RMB71.4 million and 71.4 million as at 31 December 2022, 2023, 2024 and 30 September 2025, respectively. 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.
- (b) The following note receivables as at 31 December 2022, 2023, 2024 and 30 September 2025, which are classified at financial assets at FVTOCI, were managed by collecting contractual cash flows and selling of these assets.

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Note receivables measured at FVTOCI	—	587,585	1,106,284	1,782,061

The Group has transferred substantially all the risks and rewards of ownership of certain note receivables discounted to banks or endorsed to suppliers. The relevant assets were derecognized and no longer included in the Historical Financial Information. In the opinion of the directors, the Group has limited exposure in respect of the settlement obligation of these note receivables under the relevant PRC rules and regulations should the issuing banks fail to settle the note on maturity date. The Group considered the issuing banks of these notes are of good credit quality and non-settlement of these notes by the issuing banks on maturity is not probable.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s maximum exposure that may result from the default of these derecognized note receivables at the end of each reporting period are as follows:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Note receivables	1,028,290	2,129,207	3,311,205	2,579,178

29 DERIVATIVE FINANCIAL INSTRUMENTS

	As of 30 September 2025		
	Nominal Amount	Fair Value	
		Asset	Liability
<i>EUR’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	
Derivatives asset under hedge accounting. . . .			
Cash flow hedge — foreign currency forwards	379,953	98,373	30,824
	<u>379,953</u>	<u>98,373</u>	<u>30,824</u>

The Group enters into derivative financial instruments with banks. Derivative financial instruments are mainly about foreign currency forward contracts and foreign currency options. The fair values of derivative financial instruments are measured based on the valuation report obtained from banks.

Hedge accounting has been applied for foreign currency forwards that are assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the hedging instruments and the hedged items by matching the critical terms of foreign currency forwards contracts with the terms of trade receivable and trade payable contract (i.e., notional amount and expected payment date). The hedge ratio (the ratio between the notional amount of the derivatives to the par value of the trade receivable and trade payable) is determined to be 1:1. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The potential sources of ineffectiveness result from differences between the timing of the cash flows of the hedged item and hedging instrument and potential credit risk.

Hedge ineffectiveness can arise from:

Differences in the timing of the cash flows of the trade receivables, trade payables and the hedging instruments; and

Changes to the forecasted amounts of cash flows of hedged items and hedging instruments.

The cash flow hedge was acquired due to business combination during nine months ended 30 September 2025. For the nine months ended 30 September 2025, the hedging gains of approximately RMB56.3 million was recognized in other comprehensive income.

APPENDIX I

ACCOUNTANTS’ REPORT

30 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Non-current				
Prepayments for acquisition of PPE	1,663,116	1,416,221	1,688,137	2,476,398
Advance payment for equity investment (Note d)	—	141,654	—	82,223
Others	13,144	10,763	7,767	63,061
	<u>1,676,260</u>	<u>1,568,638</u>	<u>1,695,904</u>	<u>2,621,682</u>
Current				
Prepayments made to the third-party suppliers	575,817	476,592	378,487	1,192,767
Prepayments made to the related-party suppliers	10,761	10,111	10,713	642
Amount due from associates (Note a) . .	4,171	54	696	742
Amount due from the related parties (Note b)	5,728	13,868	2,759	2,030
Amount due from the third parties (Note c)	426,557	313,336	921,313	536,218
Input VAT to be deducted	2,019,719	2,106,402	2,472,487	2,881,588
Others	505	42,328	12,280	677,696
	<u>3,043,258</u>	<u>2,962,691</u>	<u>3,798,735</u>	<u>5,291,683</u>
Less: provision for impairment	(5,333)	(4,851)	(7,939)	(6,827)
	<u><u>3,037,925</u></u>	<u><u>2,957,840</u></u>	<u><u>3,790,796</u></u>	<u><u>5,284,856</u></u>

Notes:

- (a) Amount due from the associates is trade in nature, unsecured, interest free and repayable on demand.
- (b) Amount due from the related parties is trade in nature, unsecured, interest free and repayable on demand.
- (c) Amount due from the third parties is trade in nature, unsecured, interest free and repayable on demand.
- (d) In 2023, the Group entered into a Share Purchase Agreement with Qorvo Hong Kong Limited and Qorvo Singapore Limited, pursuant to which it shall make an advance payment of RMB 141 million for the acquisition of 100% equity interests of the target companies.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Non-current				
Prepayments for acquisition of PPE	2,466	4,943	164,254	115,312
	<u>2,466</u>	<u>4,943</u>	<u>164,254</u>	<u>115,312</u>
Current				
Prepayments made to the third-party suppliers	153,215	2,994	4,667	9,612
Prepayments made to the subsidiaries . .	—	189,120	950	—
Amount due from the subsidiaries (<i>Note b</i>).	6,529,796	14,458,131	28,376,768	40,861,908
Amount due from the third parties (<i>Note a</i>)	100,714	53,332	2,589,582	7,604
Input VAT to be deducted	16,126	—	—	—
Dividend receivables.	150,000	522,000	600,000	200,000
	<u>6,949,851</u>	<u>15,225,577</u>	<u>31,571,967</u>	<u>41,079,124</u>
Less: Loss allowance	(504)	(267)	(34)	(38)
	<u><u>6,949,347</u></u>	<u><u>15,225,310</u></u>	<u><u>31,571,933</u></u>	<u><u>41,079,086</u></u>

Notes:

- (a) Amount due from the third parties is trade in nature, unsecured, interest free and repayable on demand.
- (b) Amount due from the subsidiaries is non trade in nature, unsecured and repayable on demand. The range of interest rates are 1.0%–3.5%, 0.35%–3.0%, 0.35%–3.35% and 0.35%-2.40% for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025 respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Not yet past due	25,384,591	23,209,441	32,170,750	50,347,323
Past due 1–60 days	589,080	341,699	401,427	1,316,278
Past due 61–120 days	148,720	16,519	29,534	134,065
Past due 121–180 days	5,157	2,508	3,570	30,986
Past due 181–365 days	11,517	10,123	4,171	147,343
Past due 1 year to 2 years	11,328	1,807	38,076	52,398
Past due over 2 years	33,093	34,010	34,726	158,521
	<u>26,183,486</u>	<u>23,616,107</u>	<u>32,682,254</u>	<u>52,186,914</u>

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Not yet past due	6,113,656	5,227,457	4,155,964	4,900,281
Past due 1–60 days	13,696	5,937	9,720	4,667
Past due 61–120 days	813	48	2,227	152
Past due 121–180 days	1,603	—	419	—
Past due 181–365 days	4,276	—	—	165
Past due 1 year to 2 years	11,077	670	—	—
Past due over 2 years	1,168	2,076	2,782	241
	<u>6,146,289</u>	<u>5,236,188</u>	<u>4,171,112</u>	<u>4,905,506</u>

32 CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Cash and cash equivalents	<u>17,312,418</u>	<u>29,684,152</u>	<u>47,267,103</u>	<u>54,207,158</u>
Term deposits				
—Short-term bank deposits	107,450	1,757,335	19,205,160	25,773,824
—Long-term bank deposits	1,739,252	8,363,006	15,176,496	10,378,936
	<u>1,846,702</u>	<u>10,120,341</u>	<u>34,381,656</u>	<u>36,152,760</u>
Restricted bank deposits (a)	<u>2,054,791</u>	<u>3,935,387</u>	<u>1,092,553</u>	<u>2,239,868</u>

Note:

- (a) As at 31 December 2022, 2023, 2024 and 30 September 2025, the restricted deposits were mainly denominated in RMB and held in separate designed bank accounts, arose from note payable and letters of credit.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	2,461,536	4,163,379	5,038,282	1,975,426
Term deposits				
—Short-term bank deposits	—	106,998	—	3,793,667
—Long-term bank deposits	509,575	894,932	6,170,309	5,702,337
	509,575	1,001,930	6,170,309	9,496,004
Restricted bank deposits	9,338	1,200,500	—	10

33 BORROWINGS

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured and unguaranteed bank borrowings (<i>Note a</i>)	6,917,093	6,284,912	6,130,630	15,534,843
Unsecured and guaranteed bank borrowings (<i>Note b</i>)	1,702,875	656,533	142,872	204,209
Unsecured and unguaranteed bank borrowings (<i>Note c</i>).	16,326,084	28,300,005	50,761,894	69,812,123
	24,946,052	35,241,450	57,035,396	85,551,175
Less: amounts due within one year shown under current liabilities	(15,740,739)	(23,202,679)	(37,415,654)	(68,640,430)
Amounts shown under non-current liabilities	9,205,313	12,038,771	19,619,742	16,910,745

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings included in current liabilities and non-current liabilities				
Secured and unguaranteed bank borrowings (<i>Note a</i>)	3,320,000	1,957,186	1,341,658	475,453
Unsecured and unguaranteed bank borrowings (<i>Note c</i>).	3,686,058	11,657,974	19,664,181	30,783,572
	7,006,058	13,615,160	21,005,839	31,259,025
Less: amounts due within one year shown under current liabilities	(1,360,902)	(3,938,424)	(3,628,517)	(18,023,534)
Amounts shown under non-current liabilities	5,645,156	9,676,736	17,377,322	13,235,491

APPENDIX I

ACCOUNTANTS’ REPORT

The following table sets out the maturity profile of the total borrowings as at each of the reporting periods:

	As at 31 December			As at
				30 September
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
On demand or within one year	15,740,739	23,202,679	37,415,654	68,640,430
1–2 years	3,757,341	2,148,627	12,519,815	5,898,957
2–5 years	4,804,772	8,598,478	6,364,957	9,272,043
Over 5 years	643,200	1,291,666	734,970	1,739,745
	<u>24,946,052</u>	<u>35,241,450</u>	<u>57,035,396</u>	<u>85,551,175</u>

Notes:

(a) Secured and unguaranteed bank borrowings

- (i) Secured and unguaranteed bank borrowings were mainly secured by PPE, ROU assets and note receivables. Details of the Group’s assets pledged for the Group’s borrowings are disclosed in Note 47 to the Historical Financial Information.
- (ii) The range of interest rates of secured and unguaranteed bank borrowings were 1.34% to 5.73%, 2.5% to 7.9%, 1.1% to 6.03%, and 2.05% to 4.63% for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025 respectively.

(b) Unsecured and guaranteed bank borrowings

- (i) Unsecured and guaranteed bank borrowings primarily consist of guaranteed borrowings provided by “Time Interconnect” to its subsidiaries and “the Company” to other company in Group. The guarantee provided by the Company has been released in September 2023 (Note 44 (iv)). As at 31 December 2022, 2023, 2024 and 30 September 2025, there is no guarantees provided by related parties.
- (ii) The range of interest rates of unsecured and guaranteed bank borrowings were 1.48% to 4%, 1.93% to 3.8%, 2.05% to 3.5% and 1.1% to 3.92% for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025 respectively.

(c) Unsecured and unguaranteed bank borrowings

The range of interest rates of unsecured and unguaranteed bank borrowings were 1.24 % to 6.33%, 1.93% to 5.7%, 1.57% to 3.1% and 1.02% to 4.17% for the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025 respectively.

- (d) The Group has complied with all financial covenants under its loan agreements, and there were no breaches or waivers during the track report period.

APPENDIX I

ACCOUNTANTS’ REPORT

34 TRADE AND NOTE PAYABLES

The credit period provided by suppliers to the Group and Company is generally within 180 days. As at 31 December 2022, 2023, 2024 and 30 September 2025, the aging analysis of the trade payables based on transaction date are as follows:

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Trade payables				<i>RMB'000</i>
—The third parties	42,873,140	41,525,608	55,615,844	79,165,385
—The associates.	20,356	58,044	126,037	335,191
—The joint ventures	9,959	5,532	5,324	1,871
—The related parties	1,006,324	416,821	1,087,329	847,739
	<u>43,909,779</u>	<u>42,006,005</u>	<u>56,834,534</u>	<u>80,350,186</u>
Note payables.	515,054	492,586	878,336	2,252,860
	<u>44,424,833</u>	<u>42,498,591</u>	<u>57,712,870</u>	<u>82,603,046</u>

As at 31 December 2022, 2023, 2024 and 30 September 2025, the aging analysis of trade payables are as follows

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Up to 1 year.	43,818,368	41,908,336	56,690,909	79,253,603
1 to 2 years	74,344	78,664	102,710	659,981
2 to 3 years	9,178	12,250	26,054	223,112
Over 3 years	7,889	6,755	14,861	213,490
	<u>43,909,779</u>	<u>42,006,005</u>	<u>56,834,534</u>	<u>80,350,186</u>

The carrying amounts of trade payables are considered approximately to their fair values.

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
Trade payables				<i>RMB'000</i>
—The third parties	376,895	441,662	597,002	615,253
—The Subsidiaries	3,460,929	1,829,686	960,664	2,008,083
	<u>3,837,824</u>	<u>2,271,348</u>	<u>1,557,666</u>	<u>2,623,336</u>
Note payables.	1,665,345	3,206,774	10,175,622	13,509,617
	<u>5,503,169</u>	<u>5,478,122</u>	<u>11,733,288</u>	<u>16,132,953</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2022, 2023, 2024 and 30 September 2025, the aging analysis of trade payables are as follows:

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Up to 1 year	3,837,406	2,270,869	1,557,160	2,621,127
1 to 2 years	261	131	158	1,709
2 to 3 years	79	260	4	158
Over 3 years	78	88	344	342
	<u>3,837,824</u>	<u>2,271,348</u>	<u>1,557,666</u>	<u>2,623,336</u>

35 OTHER PAYABLES AND ACCRUALS

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
Non-Current				
Provision	683	643	7,088	973,738
Payroll and welfare payables	—	—	—	881,441
Others	324	1,472	757	87,059
	<u>1,007</u>	<u>2,115</u>	<u>7,845</u>	<u>1,942,238</u>
Current				
Payroll and welfare payables	2,368,136	2,330,319	3,011,324	4,800,124
Other payables for acquisition of PPE . .	5,876,704	3,902,510	8,253,459	6,185,717
Other taxes payable	483,832	460,275	597,685	863,665
Amount due to the third parties				
(Note a)	457,737	392,072	449,958	831,774
Amount due to the joint ventures (Note				
b)	9	—	—	—
Amount due to associates (Note c)	—	—	19	54
Amount due to related parties				
(Note d)	45	2,711	218	11
Dividend payable (Note f)	15,089	11,894	52,175	16,503
Others	116,922	129,980	129,012	771,587
	<u>9,318,474</u>	<u>7,229,761</u>	<u>12,493,850</u>	<u>13,469,435</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current				
Other payables for acquisition of PPE . .	31,178	23,600	52,594	64,811
Payroll and welfare payables	49,737	50,855	74,831	64,911
Other taxes payable	5,987	42,236	60,996	36,085
Amount due to the third parties				
suppliers	—	—	—	94,067
Amount due to subsidiaries (<i>Note e</i>) . . .	1,567,398	6,059,717	7,918,624	6,158,251
Accruals	1,058	4,737	1,958	—
Others	1,522	1,507	6,493	3,058
	<u>1,656,880</u>	<u>6,182,652</u>	<u>8,115,496</u>	<u>6,421,183</u>

Notes:

- (a) Amounts due to the third parties are trade nature, unsecured, interest free and repayable on demand.
- (b) Amounts due to the joint venture are trade nature, unsecured, interest free and repayable on demand.
- (c) Amounts due to the associates are trade nature, unsecured, interest free and repayable on demand.
- (d) Amounts due to the related parties are trade nature, unsecured, interest free and repayable on demand.
- (e) Amounts due to subsidiaries are trade nature, unsecured, interest free and repayable on demand.
- (f) All dividend payable had been settled up to the date of report, except for RMB8.0 million of distribution payables related to our partnership with 昆山立訊企業管理服務合夥企業(有限合夥), 嘉善立訊企業管理服務合夥企業(有限合夥) and 鹽城立訊企業管理服務合夥企業(有限合夥), which will be distributed upon the expiration of the partnership.

36 CONVERTIBLE BONDS

	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Liability component as at				
1 January	2,805,785	2,913,755	2,849,092	3,305,437
Issued during the year	—	—	449,940	—
Interest accrual	116,989	119,976	130,703	101,312
Interest payment	(6,000)	(9,000)	(45,000)	—
Conversion	(179)	(142)	(84)	(359)
Repayment during the year	—	(181,719)	(49,930)	—
Exchange differences	(2,840)	6,222	(29,284)	20,864
	<u>2,913,755</u>	<u>2,849,092</u>	<u>3,305,437</u>	<u>3,427,254</u>
Liability component as at 31				
December	2,913,755	2,849,092	3,305,437	3,427,254

APPENDIX I

ACCOUNTANTS’ REPORT

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

<u>Name of bonds</u>	<u>Issuance Amount</u>	<u>Issuance date</u>	<u>Maturity dates</u>
Luxshare Convertible Bond 2020 (“立訊轉債”) (128136)	CNY3,000,000,000	2020/11/3	2026/11/2
Speed Technology Co., Ltd. (“Speed Tech”) Second Domestic Unsecured Convertible Bond	NTD1,000,000,000	2021/3/10	2024/3/9
Speed Tech Third Domestic Unsecured Convertible Bond	NTD2,000,000,000	2024/3/6	2027/3/5

Luxshare Convertible Bond 2020

On 3 November 2020, the Company issued 30 million convertible bonds for an aggregate principal amount of RMB3,000 million. The interest rate of the convertible bonds is as below:

- First year: 0.10%
- Second year: 0.20%
- Third year: 0.30%
- Fourth year: 1.50%
- Fifth year: 1.80%
- Sixth year: 2.00%

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 RMB58.62 per share during the period from 10 May 2021 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 30 September 2025, the adjusted conversion rate for the Luxshare Convertible Bond 2020 was RMB56.25 per share.

During their conversion period, 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.

During the last 2 years of conversion period, 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.

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 instrument, net of income tax, and not subsequently remeasured. The effective interest rate of convertible bonds is 4.34%.

APPENDIX I

ACCOUNTANTS’ REPORT

For the years ended 31 December 2022, 2023, 2024 and nine months ended 30 September 2025, the convertible bonds with principal amount of RMB218,300, RMB174,100, RMB102,300 and RMB432,500 were converted into 3,737, 3,010, 1,790 and 7,639 A shares of the Company, respectively. As a result of the conversion, the capital reserve of RMB213,453, RMB170,204, RMB99,990 and RMB422,661 were recognized and the other equity instrument of RMB38,388, RMB30,617, RMB17,991 and RMB76,067 were derecognized for the years ended 31 December 2022, 2023, 2024 and nine months ended 30 September 2025, respectively. For the nine months ended 30 September 2025, the convertible bonds with principal amount of RMB1,100 were repurchased. As a result of the repurchase, the other equity instrument of RMB193 were derecognized.

Speed Tech Second Domestic Unsecured Convertible Bond

On 10 March 2021, Speed Tech, a not wholly owned subsidiary of the Company, raised and issued 10,000 zero coupon convertible bonds for an aggregate principal amount of NTD1,000 million (equivalent to RMB230 million). The convertible bonds will be mature in three years from the issuance date and can be convertible to ordinary shares of Speed Tech at the holder’s option at the conversion price of NTD100 per share during the period from 11 June 2021 to the maturity date of the convertible bond, but subject to the adjustment following the conversion terms if Speed Tech triggers anti-dilution provisions.

During the year ended 31 December 2023, Speed Tech repurchased the second domestic convertible bond with the face value of NTD785 million (equivalent to RMB182 million) through the OTC trading center. On the maturity date of the bond at 9 March 2024, Speed Tech redeemed the convertible bond with the face value of NTD215 million (equivalent to RMB50 million).

Starting from the day after the full three months since the issuance of the convertible bonds until forty days before the end of the issuance period, if the closing price of the common stock of Speed Tech exceeds 30% (inclusive) of the conversion price for a consecutive period of thirty business days, Speed Tech may redeem all the convertible bonds in cash at face value within the following thirty business days.

Starting from the day after the full three months since the issuance of the convertible bonds until forty days before the end of the issuance period, when the aggregate principal amount of the outstanding convertible bonds represents less than 10% of the aggregate principal amount of the convertible bonds originally issued, Speed Tech may at any time elect to redeem all, but not some only, of such convertible bonds at their principal amount.

The early redemption options (classified as a financial liability), which were initially measured at fair value amounting to RMB41,000 and subsequently measured at fair value with changes in fair value recognized in profit or loss.

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 instrument, net of income tax, and not subsequently remeasured. The effective interest rate of convertible bonds is 1.22%.

APPENDIX I

ACCOUNTANTS’ REPORT

For the years ended 31 December 2022, 2023 and 2024, no convertible bond was converted into shares of Speed Tech.

Speed Tech Third Domestic Unsecured Convertible Bond

On 6 March 2024, Speed Tech issued 20,000 zero coupon convertible bonds for an aggregate principal amount of NTD2,000 million (equivalent to RMB450 million). The Convertible bonds will be mature in three years from the issuance date and can be convertible to ordinary shares of Speed Tech at the holder’s option at the conversion price of NTD69.5 per share during the period from 7 June 2024 to the maturity date of the convertible bonds, but subject to the adjustment following the conversion terms if Speed Tech triggers anti-dilution provisions.

Starting from the day after the full three months since the issuance of the convertible bonds until forty days before the end of the issuance period, if the closing price of the common stock of Speed Tech exceeds 30% (inclusive) of the conversion price for a consecutive period of thirty business days, Speed Tech may redeem all the convertible bonds in cash at face value within the following thirty business days.

Starting from the day after the full three months since the issuance of the convertible bonds until forty days before the end of the issuance period, when the aggregate principal amount of the outstanding convertible bonds represents less than 10% of the aggregate principal amount of the convertible bonds originally issued, Speed Tech may at any time elect to redeem all, but not some only, of such convertible bonds at their principal amount.

Management considered that the fair value of these redemption options of the company and the bond holder 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 bonds. The remainder of the proceeds is allocated to the conversion option and recognized in other equity instrument, net of income tax, and not subsequently remeasured, the effective interest rate of convertible bonds is 1.95%.

Since the convertible bonds was issued by Speed Tech on March 6 2024, no convertible bond was converted into shares of Speed Tech.

37 MEDIUM-TERM NOTES

The Group	As at 31 December			As at
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Non-current portion	—	—	—	3,039,198

Name of notes	Issuance Amount	Issuance date	Maturity dates
25立訊精工MTN001	1,500,000,000	2025/1/13	2028/1/12
25立訊精工MTN002	1,500,000,000	2025/2/19	2028/2/18

APPENDIX I

ACCOUNTANTS’ REPORT

38 SHORT TERM FINANCING BILLS

The Group and Company

	As at 31 December			As at
	2022	2023	2024	30 September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Short term financing bills	3,840,115	802,722	5,039,812	3,216,283

2022

Name	Face Value	Date of Issuance	Ending balance
			<i>RMB'000</i>
Short term financing bills	RMB100/units	2022/6/15	1,012,953
Short term financing bills	RMB100/units	2022/7/14	1,212,224
Short term financing bills	RMB100/units	2022/7/21	807,634
Short term financing bills	RMB100/units	2022/7/28	807,304
			<u>3,840,115</u>

2023

Name	Face Value	Date of Issuance	Ending balance
			<i>RMB'000</i>
Short term financing bills	RMB100/units	2023/11/15	802,722
			<u>802,722</u>

2024

Name	Face Value	Date of Issuance	Ending balance
			<i>RMB'000</i>
Short term financing bills	RMB100/units	2024/6/28	1,010,243
Short term financing bills	RMB100/units	2024/7/12	1,009,283
Short term financing bills	RMB100/units	2024/7/24	1,008,592
Short term financing bills	RMB100/units	2024/9/20	1,005,980
Short term financing bills	RMB100/units	2024/9/25	1,005,714
			<u>5,039,812</u>

2025

Name	Face Value	Date of Issuance	Ending balance
			<i>RMB'000</i>
Short term financing bills	RMB100/units	2025/5/12	1,006,606
Short term financing bills	RMB100/units	2025/6/9	1,206,130
Short term financing bills	RMB100/units	2025/7/9	1,003,547
			<u>3,216,283</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	<i>RMB’000</i>
At 1 January 2022	9,163
Recognized in consolidated statement of profit or loss	(3,397)
At 31 December 2022 and 1 January 2023	5,766
Recognized in consolidated statement of profit or loss	(2,147)
At 31 December 2023 and 1 January 2024	3,619
Recognized in consolidated statement of profit or loss	(1,593)
At 31 December 2024 and 1 January 2025	2,026
Recognised in consolidated statement of profit or loss	(1,194)
At 30 September 2025	832

Note: It mainly comprise incentives provided by local authorities. There is no unfulfilled obligations for the recognized income at the end of reporting date for each of the Track Report Periods.

41 SHARE CAPITAL

Share capital is generated from founders’ and investors’ capital injection.

The Group and Company	Number of registered, issued and fully paid ordinary shares	Equivalent nominal value of shares
		<i>RMB’000</i>
As at 1 January 2022	7,050,485	7,050,485
Share-based Payment	49,420	49,420
Exercise conversion right of convertible bonds	4	4
As at 31 December 2022 and 1 January 2023	7,099,909	7,099,909
Share-based Payment	48,256	48,256
Exercise conversion right of convertible bonds	3	3
As at 31 December 2023 and 1 January 2024	7,148,168	7,148,168
Share-based Payment	88,292	88,292
Exercise conversion right of convertible bonds	2	2
As at 31 December 2024 and 1 January 2025	7,236,462	7,236,462
Share-based Payment	34,136	34,136
Exercise conversion right of convertible bonds	8	8
At 30 September 2025	7,270,606	7,270,606

APPENDIX I

ACCOUNTANTS’ REPORT

42 RESERVE

The changes therein are presented in the consolidated statements of changes in equity.

The Group

	Capital Reserves	Surplus Reserves	Special Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	2,719,695	985,162	1,019	3,705,876
Exercise of share incentive scheme-Employee Stock Options	517,203	—	—	517,203
Exercise of conversion right of convertible bonds	213	—	—	213
Share-based payment expense	431,726	—	—	431,726
Changes in the Group’s ownership interest in existing investment	(16,212)	—	—	(16,212)
Profit appropriations to statutory reserve	—	135,911	—	135,911
Appropriation of special reserves	—	—	1,076	1,076
Total transactions with owners in their capacity as owners for the year	932,930	135,911	1,076	1,069,917
As at 31 December 2022	<u>3,652,625</u>	<u>1,121,073</u>	<u>2,095</u>	<u>4,775,793</u>
	Capital Reserves	Surplus Reserves	Special Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	3,652,625	1,121,073	2,095	4,775,793
Exercise of share incentive scheme-Employee Stock Options	498,442	—	—	498,442
Exercise of conversion right of convertible bonds	170	—	—	170
Share-based payment expense	744,409	—	—	744,409
Changes in the Group’s ownership interest in existing investment	116,298	—	—	116,298
Profit appropriations to statutory reserve	—	322,447	—	322,447
Appropriation of special reserves	—	—	1,433	1,433
Total transactions with owners in their capacity as owners for the year	1,359,319	322,447	1,433	1,683,199
As at 31 December 2023	<u>5,011,944</u>	<u>1,443,520</u>	<u>3,528</u>	<u>6,458,992</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Capital Reserves	Surplus Reserves	Special Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	5,011,944	1,443,520	3,528	6,458,992
Exercise of share incentive scheme-Employee Stock Options	1,719,094	—	—	1,719,094
Exercise of conversion right of convertible bonds	8,913	—	—	8,913
Share-based payment expense	414,926	—	—	414,926
Changes in the Group’s ownership interest in existing investment	391,349	—	—	391,349
Profit appropriations to statutory reserve	—	174,000	—	174,000
Usage of special reserves	—	—	(1,332)	(1,332)
Total transactions with owners in their capacity as owners for the year	2,534,282	174,000	(1,332)	2,706,950
As at 31 December 2024.	<u>7,546,226</u>	<u>1,617,520</u>	<u>2,196</u>	<u>9,165,942</u>
	Capital Reserves	Surplus Reserves	Special Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	5,011,944	1,443,520	3,528	6,458,992
Exercise of share incentive scheme-Employee Stock Options	1,348,588	—	—	1,348,588
Exercise of conversion right of convertible bonds	28,715	—	—	28,715
Share-based payment expense	232,820	—	—	232,820
Changes in the Group’s ownership interest in existing investment	240,156	—	—	240,156
Usage of special reserves	—	—	(1,718)	(1,718)
Total transactions with owners in their capacity as owners for the year	1,850,279	—	(1,718)	1,848,561
As at 30 September 2024	<u>6,862,223</u>	<u>1,443,520</u>	<u>1,810</u>	<u>8,307,553</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Capital Reserves	Surplus Reserves	Special Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	7,546,226	1,617,520	2,196	9,165,942
Exercise of share incentive scheme-Employee Stock Options	906,826	—	—	906,826
Exercise of conversion right of convertible bonds	423	—	—	423
Share-based payment expense	341,329	—	—	341,329
Changes in the Group’s ownership interest in existing investment	286,624	—	—	286,624
Usage of special reserves	—	—	10,009	10,009
Total transactions with owners in their capacity as owners for the year	1,535,202	—	10,009	1,545,211
As at 30 September 2025	<u>9,081,428</u>	<u>1,617,520</u>	<u>12,205</u>	<u>10,711,153</u>

The Company

	Capital Reserves	Surplus Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	3,080,150	985,162	4,065,312
Exercise of share incentive scheme-Employee Stock Options	517,203	—	517,203
Exercise conversion right of convertible bonds	213	—	213
Share-based payment expense	473,289	—	473,289
Profit appropriations to statutory reserve	—	135,910	135,910
Others	(1,209)	—	(1,209)
Total transactions with owners in their capacity as owners for the year	989,496	135,910	1,125,406
As at 31 December 2022	<u>4,069,646</u>	<u>1,121,072</u>	<u>5,190,718</u>

	Capital Reserves	Surplus Reserves	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	4,069,646	1,121,072	5,190,718
Exercise of share incentive scheme-Employee Stock Options	498,442	—	498,442
Exercise conversion right of convertible bonds	170	—	170
Share-based payment expense	780,665	—	780,665
Profit appropriations to statutory reserve	—	322,447	322,447
Others	(44,490)	—	(44,490)
Total transactions with owners in their capacity as owners for the year	1,234,787	322,447	1,557,234
As at 31 December 2023	<u>5,304,433</u>	<u>1,443,519</u>	<u>6,747,952</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<u>Capital Reserves</u>	<u>Surplus Reserves</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	5,304,433	1,443,519	6,747,952
Exercise of share incentive scheme-Employee Stock Options	1,719,094	—	1,719,094
Exercise conversion right of convertible bonds	100	—	100
Share-based payment expense	422,373	—	422,373
Profit appropriations to statutory reserve	—	174,000	174,000
Total transactions with owners in their capacity as owners for the year	<u>2,141,567</u>	<u>174,000</u>	<u>2,315,567</u>
As at 31 December 2024	<u><u>7,446,000</u></u>	<u><u>1,617,519</u></u>	<u><u>9,063,519</u></u>

	<u>Capital Reserves</u>	<u>Surplus Reserves</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	7,446,000	1,617,519	9,063,519
Exercise of share incentive scheme-Employee Stock Options	906,826	—	906,826
Exercise conversion right of convertible bonds	423	—	423
Share-based payment expense	349,677	—	349,677
Total transactions with owners in their capacity as owners for the year	<u>1,256,926</u>	<u>—</u>	<u>1,256,926</u>
As at 30 September 2025	<u><u>8,702,926</u></u>	<u><u>1,617,519</u></u>	<u><u>10,320,445</u></u>

43 EQUITY-SETTLED SHARE-BASED PAYMENT

During the Track Record Period, the Group has the following share options:

- 1 2018 Share Option Incentive Scheme
- 2 2019 Share Option Incentive Scheme
- 3 2021 Share Option Incentive Scheme
- 4 2022 Share Option Incentive Scheme
- 5 2025 Share Option Incentives Scheme
- 6 2018 Share Option Incentive Scheme—Speed Tech—B
- 7 2021 Share Option Incentive Scheme—Speed Tech—D
- 8 2023 Share Option Incentive Scheme—Time Interconnect—T
- 9 Others

APPENDIX I

ACCOUNTANTS’ REPORT

Detailed information of major share options are listed below:

(a) 2018 Share option incentives plan

The Company adopted a Share Option Incentive Scheme in 2018 (the “**2018 Share Option Incentive Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Company.

Under the 2018 Share Option Incentive Scheme, the Company granted 97,300,000 share options to 1,870 incentive recipients with a grant date of 25 September 2018, and an exercise price of RMB17.58 per share.

According to the Company’s performance appraisal and individual performance appraisal, the share options granted to incentive recipients are exercisable in 5 exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 20%, 20%, 20%, 20%, respectively.

Pursuant to the profit distribution, the board of directors of the Company had resolved to adjust the exercise price and number of share options granted under 2018 Share Option Incentive Scheme each year and the details are shown as below.

<u>Financial Year</u>	<u>Reason for adjustment</u>	<u>Exercise Price</u>	<u>No. of Options</u>
		<i>(RMB)</i>	
2019	Pursuant to the profit distribution completed in 2018	13.48	122,327,530
2020	Pursuant to the profit distribution completed in 2019	10.28	128,698,841
2021	Pursuant to the profit distribution completed in 2020	10.17	No Adjustment
2022	Pursuant to the profit distribution completed in 2021	10.06	No Adjustment
2023	Pursuant to the profit distribution completed in 2022	9.93	No Adjustment
2024	Pursuant to the profit distribution completed in 2023	9.63	No Adjustment

APPENDIX I

ACCOUNTANTS’ REPORT

A summary of activities of the service-based share option is presented as follows:

	Number of share option	Weighted average exercise price	Weighted average remaining contractual term (Months)
As at 1 January 2022	71,515,519	10.17	33.27
Vested and exercised.	(25,804,523)	10.06	—
Canceled	(1,230,044)	10.06	—
As at 31 December 2022	44,480,952	10.06	21.13
Exercisable at the end of the year	14,597,070		
As at 1 January 2023	44,480,952	10.06	21.13
Vested and exercised.	(26,756,785)	9.93	—
Canceled	(1,314,426)	9.93	—
As at 31 December 2023	16,409,741	9.93	8.97
Exercisable at the end of the year	16,409,741		
As at 1 January 2024	16,409,741	9.93	8.97
Vested and exercised.	(16,409,741)	9.63	—
As at 31 December 2024	—	—	—
Exercisable at the end of the year	—		

The estimated fair values of share options granted to employees and directors were RMB469,755,000.

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

Vesting Date	2019/9/25–2023/9/25
Grant date	25 September 2018
Stock Price	RMB16.65
Exercise price	RMB17.58
Volatility	38.37%
Risk-free interest rate	3.05%–3.5%
Time to maturity	6.0 years
Dividend yield	0.26%

Volatility is derived from the Company’s historical share price data. The risk-free rate reflects sovereign bond yields matching option terms. The dividend yield reflects the rate in effect for the most recent year preceding the announcement date of this incentive Scheme.

The Company recognizes share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) 2019 Share option incentives plan

The Company adopted a Share Option Incentive Scheme in 2019 (the “**2019 Share Option Incentive Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Company.

Under the First Grant of 2019 Share Option Incentive Scheme, the Company granted 50,076,000 share options to 348 incentive recipients with a grant date of 22 April 2019, and an exercise price of RMB23.36 per share.

Under the Second Grant of 2019 Share Option Incentive Scheme, the Company granted 16,241,700 share options to 258 incentive recipients with a grant date of 27 November 2019, and an exercise price of RMB17.93 per share.

According to the Company’s performance appraisal and individual performance appraisal, the share options granted to incentive recipients are exercisable in 5 exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 20%, 20%, 20%, 20%, respectively.

Pursuant to the profit distribution, the board of directors of the Company had resolved to adjust the exercise price and number of share options granted under 2019 Share Option Incentive Scheme each year and the details are shown as below.

Financial Year	Reason for adjustment	First Grant		Second Grant	
		Exercise Price <i>(RMB)</i>	No. of Options	Exercise Price <i>(RMB)</i>	No. of Options
2019	Pursuant to the profit distribution completed in 2018	17.93	65,098,800	N/A	N/A
2020	Pursuant to the profit distribution completed in 2019	13.70	84,626,558	13.70	21,113,740
2021	Pursuant to the profit distribution completed in 2020	13.59	No Adjustment	13.59	No Adjustment
2022	Pursuant to the profit distribution completed in 2021	13.48	No Adjustment	13.48	No Adjustment
2023	Pursuant to the profit distribution completed in 2022	13.35	No Adjustment	13.35	No Adjustment
2024	Pursuant to the profit distribution completed in 2023	13.05	No Adjustment	13.05	No Adjustment
2025	Pursuant to the profit distribution completed in 2024	12.85	No Adjustment	12.85	No Adjustment

APPENDIX I

ACCOUNTANTS’ REPORT

A summary of activities of the service-based share option is presented as follows:

	Number of share option	Weighted average exercise price	Weighted average remaining contractual term (Months)
As at 1 January 2022	67,153,425	13.59	42.03
Vested and exercised.	(18,352,984)	13.48	—
Canceled	(1,238,607)	13.48	—
As at 31 December 2022	47,561,834	13.48	29.94
Exercisable at the end of the year	3,269,346		
As at 1 January 2023	47,561,834	13.48	29.94
Vested and exercised.	(18,438,394)	13.35	—
Canceled	(1,964,760)	13.35	—
As at 31 December 2023	27,158,680	13.35	17.93
Exercisable at the end of the year	4,112,714		
As at 1 January 2024	27,158,680	13.35	17.93
Vested and exercised.	(19,306,990)	13.05	—
Canceled	(652,168)	13.05	—
As at 31 December 2024	7,199,522	13.05	7.37
Exercisable at the end of the year	3,611,887		
As at 1 January 2025	7,199,522	13.05	7.37
Vested and exercised.	(6,793,149)	12.85	—
Cancelled.	(338,541)	—	—
As at 30 September 2025.	67,832	—	—
Exercisable at the end of the year	67,832		

The estimated fair values of First Grant and Second Grant share options granted to employees and directors were RMB371,263,500 and RMB315,306,000.

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

APPENDIX I

ACCOUNTANTS’ REPORT

The key inputs in the model are as follows:

	<u>First Grant</u>	<u>Second Grant</u>
Vesting Date	2020/4/22–2024/4/22	2020/11/27–2024/11/27
Grant date	22 April 2019	27 November 2019
Option pricing model used	Black-Scholes model	Black-Scholes model
Stock Price	RMB23.32	RMB34.58
Exercise price	RMB23.36	RMB17.93
Volatility	40.81%	40.81%
Risk-free interest rate	2.4901%–3.0366%	2.7019%–3.0593%
Time to maturity	6.0 years	6.0 years
Dividend yield	0.26%	0.36%

Volatility is derived from the Company’s historical share price data. The risk-free rate reflects sovereign bond yields matching option terms. The dividend yield reflects the rate in effect for the most recent year preceding the announcement date of this incentive Scheme.

The Company recognizes share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

(c) 2021 Share option incentives plan

The Company adopted a Share Option Incentive Scheme in 2021 (the “**2021 Share Option Incentive Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Company.

Under the First Grant of 2021 Share Option Incentive Scheme, the Company granted 52,092,000 share options to 1,072 incentive recipients with a grant date of 3 December 2021, and an exercise price of RMB35.87 per share.

Under the Second Grant of 2021 Share Option Incentive Scheme, the Company granted 12,785,800 share options to 356 incentive recipients with a grant date of 19 October 2022, and an exercise price of RMB35.76 per share.

According to the Company’s performance appraisal and individual performance appraisal, the share options granted to incentive recipients are exercisable in 5 exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 20%, 20%, 20%, 20%, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Pursuant to the profit distribution, the board of directors of the Company had resolved to adjust the exercise price and number of share options granted under 2021 Share Option Incentive Scheme each year and the details are shown as below.

Financial Year	Reason for adjustment	First Grant		Second Grant	
		Exercise Price <i>(RMB)</i>	No. of Options	Exercise Price <i>(RMB)</i>	No. of Options
2022	Pursuant to the profit distribution completed in 2021	35.76	No Adjustment	NA	NA
2023	Pursuant to the profit distribution completed in 2022	35.63	No Adjustment	35.63	No Adjustment
2024	Pursuant to the profit distribution completed in 2023	35.33	No Adjustment	35.33	No Adjustment
2025	Pursuant to the profit distribution completed in 2024	35.13	No Adjustment	35.13	No Adjustment

A summary of activities of the service-based share option is presented as follows:

	Number of share option	Weighted average exercise price	Weighted average remaining contractual term (Months)
As at 1 January 2022	52,092,000	35.76	72.07
Granted	12,785,800	35.76	—
As at 31 December 2022	64,877,800	35.76	62.04
Exercisable at the end of the year	—		
As at 1 January 2023	64,877,800	35.76	62.04
Vested and exercised.	(1)	35.63	—
Canceled	(5,661,824)	35.63	—
As at 31 December 2023	59,215,975	35.63	49.84
Exercisable at the end of the year	11,757,975		
As at 1 January 2024	59,215,975	35.63	49.84
Vested and exercised.	(10,249,260)	35.33	—
Canceled	(5,929,152)	35.33	—
Lapsed.	(9,526,059)	35.33	—
As at 31 December 2024	33,511,504	35.33	38.26
Exercisable at the end of the year	—		
As at 1 January 2025	33,511,504	35.33	38.26
Vested and exercised.	(9,913,574)	35.13	—
As at 30 September 2025.	23,597,930	35.13	29.35
Exercisable at the end of the year	389,976		

The estimated fair values of First Grant and Second Grant share options granted to employees and directors were RMB602,189,500 and RMB157,421,700.

APPENDIX I

ACCOUNTANTS’ REPORT

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

The key inputs in the model are as follows:

	First Grant	Second Grant
Vesting Date	2022/12/03–2026/12/03	2023/10/19–2027/10/19
Grant date	3 December 2021	19 October 2022
Option pricing model used	Black-Scholes model	Black-Scholes model
Stock Price	RMB35.71	RMB34.91
Exercise price	RMB35.87	RMB35.76
Volatility	41.7810%	47.0664%
Risk-free interest rate	2.4553%–2.7608%	1.9417%–2.5180%
Time to maturity	6.0 years	6.0 years
Dividend yield	0.1960%	0.2235%

Volatility is derived from the Company’s historical share price data. The risk-free rate reflects sovereign bond yields matching option terms. The dividend yield reflects the rate in effect for the most recent year preceding the announcement date of this incentive Scheme.

The Company recognizes share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

(d) 2022 Share option incentives plan

The Company adopted a Share Option Incentive Scheme in 2022 (the “**2022 Share Option Incentive Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Company.

Under the 2022 Share Option Incentive Scheme, the Company granted 168,513,000 share options to 3,505 incentive recipients with a grant date of 5 December 2022, and an exercise price of RMB30.35 per share.

According to the Company’s performance appraisal and individual performance appraisal, the share options granted to incentive recipients are exercisable in 5 exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 20%, 20%, 20%, 20%, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Pursuant to the profit distribution, the board of directors of the Company had resolved to adjust the exercise price and number of share options granted under 2022 Share Option Incentive Scheme each year and the details are shown as below.

<u>Financial Year</u>	<u>Reason for adjustment</u>	<u>Exercise Price</u>	<u>No. of Options</u>
		<i>(RMB)</i>	
2023	Pursuant to the profit distribution completed in 2022	30.22	No adjustment
2024	Pursuant to the profit distribution completed in 2023	29.92	No adjustment
2025	Pursuant to the profit distribution completed in 2024	29.72	No Adjustment

A summary of activities of the service-based share option is presented as follows:

	<u>Number of share option</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual term (Months)</u>
As at 1 January 2022	—	—	84.33
Granted	168,513,000	30.35	—
As at 31 December 2022	168,513,000	30.35	72.20
Exercisable at the end of the year	—		
As at 1 January 2023	168,513,000	30.35	72.20
Lapsed	—	—	—
As at 31 December 2023	168,513,000	30.22	60.03
Exercisable at the end of the year	—		
As at 1 January 2024	168,513,000	30.22	60.03
Vested and exercised	(30,651,856)	29.92	—
Canceled	(10,383,480)	29.92	—
As at 31 December 2024	127,477,664	29.92	47.83
Exercisable at the end of the year	637,104		
As at 1 January 2025	127,477,664	29.92	47.83
Vested and exercised	(27,265,946)	29.72	—
Cancelled	(6,003,864)	29.72	—
As at 30 September 2025	94,207,854	29.92	38.73
Exercisable at the end of the year	2,851,854		

The estimated fair values of share options granted to employees and directors were RMB1,664,131,200.

The fair value at grant date is independently determined using an adjusted form of the Black-Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

APPENDIX I

ACCOUNTANTS’ REPORT

Vesting Date	2023/12/5–2027/12/5
Grant date	5 December 2022
Option pricing model used	Black-Scholes model
Stock Price	RMB30.43
Exercise price	RMB30.35
Volatility	41.3360%
Risk-free interest rate	1.9725%–2.5620%
Time to maturity	6.0 years
Dividend yield	0.2235%

Volatility is derived from the Company’s historical share price data. The risk-free rate reflects sovereign bond yields matching option terms. The dividend yield reflects the rate in effect for the most recent year preceding the announcement date of this incentive Scheme.

The Company recognizes share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

(e) 2025 Share option incentives plan

The Company adopted a Share Option Incentive Scheme in 2025 (the “**2025 Share Option Incentive Scheme**”) for the primary purpose of attracting, retaining and motivating the directors and employees of the Company.

Under the 2025 Share Option Incentive Scheme, the Company granted 177,215,000 share options to 3,126 incentive recipients with a grant date of 23 May 2025, and an exercise price of RMB25.35 per share.

According to the Company’s performance appraisal and individual performance appraisal, the share options granted to incentive recipients are exercisable in 5 exercise periods after 12 months from the grant date, with the maximum exercisable percentage for each period being 20%, 20%, 20%, 20%, 20%, respectively.

Pursuant to the profit distribution, the board of directors of the Company had resolved to adjust the exercise price and number of share options granted under 2025 Share Option Incentive Scheme each year and the details are shown as below.

<u>Financial Year</u>	<u>Reason for adjustment</u>	<u>Exercise Price</u>	<u>No. of Options</u>
		<i>(RMB)</i>	
2025	Pursuant to the profit distribution completed in 2024	25.15	No adjustment

A summary of activities of the service-based share option is presented as follows:

APPENDIX I

ACCOUNTANTS’ REPORT

	Number of share option	Weighted average exercise price	Weighted average remaining contractual term (Months)
As at 1 January 2025	—	—	65.60
Granted	177,215,000	25.35	—
As at 30 September 2025.	177,215,000	25.35	56.53
Exercisable at the end of the year	—		

The estimated fair values of share options granted to employees and directors were RMB1,664,131,200.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share, and the risk-free interest rate for the term of the option.

Vesting Date	2026/5/23–2030/5/23
Grant date	5/23/2025
Option pricing model used	Black-Scholes model
Stock Price	RMB31.20
Exercise price	RMB25.35
Volatility	17.7117%–21.8533%
Risk-free interest rate	1.4495%–1.5649%
Time to maturity	6.0 years
Dividend yield	0.3911%–0.7303%

Volatility is derived from historical share price data of Hushen 300. The risk-free rate reflects sovereign bond yields matching option terms. The dividend yield reflects the rate in effect for the latest five years preceding the announcement date of this incentive Scheme.

The Company recognises share-based compensations in capital reserve and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserve.

44 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related party during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Name and relationship of related parties

Name of related parties	Relationship with the Group
立訊有限公司	The ultimate holding company
日益茂工業股份有限公司	The joint venture
岱焯科技股份有限公司	Associate
宣德能源股份有限公司	Associate
立濠光電科技(南通)有限公司	Associate
Merry & Luxshare (Vietnam) Co., Ltd	Associate
珠海景旺柔性電路有限公司	Associate
立昇汽車科技(廣州)有限公司	Associate
立勝汽車科技(深圳)有限公司	The fellow subsidiary
立勝汽車科技(蘇州)有限公司	The fellow subsidiary
立臻科技(昆山)有限公司	The fellow subsidiary
立臻精密智造(昆山)有限公司	The fellow subsidiary
立臻投資(江蘇)有限公司	The fellow subsidiary
立臻智能裝備(昆山)有限公司	The fellow subsidiary
Luxsan Technology Limited	The fellow subsidiary
BCS Automotive Interface Solutions GmbH (Germany)	The fellow subsidiary
BCS Automotive Interface Solutions US, LLC (USA)	The fellow subsidiary
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	The fellow subsidiary
BCS Automotive Interface Solutions s.r.o. (Czech)	The fellow subsidiary
BCS AIS Ensembles Mexico S. de R.L.de C.V. (Mexico)	The fellow subsidiary
BCS Ais Japan Co., Ltd	The fellow subsidiary
BCS Automotive Interface Solutions	The fellow subsidiary
BCS AIS Queretaro Dos S. de R.L. de C.V.	The fellow subsidiary
BCS Automotive Interface Solutions, s.r.o.	The fellow subsidiary
立臻精密工業(昆山)有限公司 (formerly known as 世碩電子(昆山)有限公司)	The fellow subsidiary
立臻智造電子(上海)有限公司 (formerly known as 弦碩科技(上海)有限公司)	The fellow subsidiary
Luxvisions Innovation Technology Co., Ltd. (formerly known as 廣州立景創新科技有限公司)	The related party
立景創新科技(吉安)有限公司	The related party
立景創新科技有限公司	The related party
Luxvisions Innovation Technology Limited	The related party
信光能源科技(安徽)有限公司	The related party
泰睿智造(東莞)科技有限公司	The related party
泰睿香港國際股份有限公司	The related party
泰睿智造(桂林)科技有限公司 (formerly known as 巴斯波(桂林)皮件有限公司)	The related party
東莞杜博皮件有限公司	The related party
東莞高偉光學電子有限公司	The related party
高偉光學電子有限公司	The related party
東莞立騰創新電子有限公司	The related party
上饒市立景創新科技有限公司	The related party
Xinhao Photoelectric Technology (HK) Limited	The related party
立臻智能裝備(昆山)有限公司	The related party
Cowell Optic Electronics Ltd.	The related party
奇瑞汽車股份有限公司	The related party
奇瑞汽車河南有限公司	The related party
奇瑞商用車(安徽)有限公司	The related party

APPENDIX I

ACCOUNTANTS’ REPORT

Name of related parties	Relationship with the Group
奇瑞新能源汽車股份有限公司	The related party
安徽拙盾安全技術有限公司	The related party
達奧(蕪湖)汽車製品有限公司	The related party
東南(福建)汽車工業股份有限公司	The related party
瑞鯨(安徽)供應鏈科技有限公司	The related party
蕪湖埃科泰克動力總成有限公司	The related party
蕪湖奇達動力電池系統有限公司	The related party
蕪湖奇瑞汽車零部件採購有限公司	The related party
深圳市信濠光電科技股份有限公司	The related party
達濠科技(東莞)有限公司	The related party
信濠光電(恩施)有限公司	The related party
泰睿精密股份有限公司	The related party
Luxsan (Hong Kong) Trading Limited	The related party
廣州立智感知科技有限公司	The related party
立高光學(東莞)有限公司	The related party
廣東立德膠業精密組件有限公司	The related party
大卓智能科技有限公司	The related party
信濠光電(滁州)有限公司	The related party
訊濠光電(滁州)有限公司	The related party
安徽立德汽車部件有限公司	The related party
訊牧信息科技(上海)有限公司	Entity controlled by ultimate controlling shareholder
立汕智造科技(廣東)有限公司	Entity controlled by ultimate controlling shareholder

(b) Transactions with related parties

(i) Purchase from the related parties

Company name	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
日益茂工業股份有限公司	19,083	8,667	11,677	8,299	3,798
岱煒科技股份有限公司	23,282	26,463	38,232	27,864	42,631
立勝汽車科技(蘇州)有限公司	23,441	18,701	5,135	3,288	5,664
Luxvisions Innovation Technology Co., Ltd.	2,948	3,739	12,710	12,026	33,080
立臻科技(昆山)有限公司	311,176	—	—	—	37
立臻精密智造(昆山)有限公司	36,498	9,658	—	—	—
Luxsan Technology Limited	1,037,900	1,189,127	1,243,805	719,299	760,356
Merry & Luxshare (Vietnam) Co., Ltd	63,556	71,739	273,250	28,359	439,049
BCS Automotive Interface Solutions	33,586	—	—	—	—
立濠光電科技(南通)有限公司	336	4,320	2,092	1,667	227
泰睿智造(東莞)科技有限公司	1,139	41,984	117,097	92,846	11,489
訊牧信息科技(上海)有限公司	9,764	—	196	—	—
東莞高偉光學電子有限公司	2,475	11,517	8,756	8,756	9,638
泰睿香港國際股份有限公司	944	2,709	9,754	2,886	251,419
立景創新科技有限公司	845	429	—	—	—
立汕智造科技(廣東)有限公司	1,023	2,389	4,059	2,770	1,305
立勝汽車科技(深圳)有限公司	—	222	—	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

Company name	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
立景創新科技(吉安)有限公司	—	34	1,174	671	—
Luxvisions Innovation Technology Limited	—	1,372	162	161	—
立臻投資(江蘇)有限公司	—	39,529	45,844	30,102	27,960
BCS Automotive Interface Solutions GmbH (Germany)	—	36,596	3,511	2,329	—
BCS Automotive Interface Solutions US, LLC (USA)	—	93	4,812	4,263	4,906
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	—	5,410	28,954	23,121	31,160
信光能源科技(安徽)有限公司	—	900	535	503	432
立昇汽車科技(廣州)有限公司	—	—	379	121	1,056
立臻智能裝備(昆山)有限公司	—	—	2,747	530	1,194
立臻精密工業(昆山)有限公司	—	—	36,755	21,714	39,871
深圳市信濠光電科技股份有限公司	—	—	57	57	—
東莞杜博皮件有限公司	—	—	25,798	1,138	360,893
泰睿智造(桂林)科技有限公司	—	—	769	646	166
奇瑞汽車股份有限公司	—	—	127	103	76
奇瑞新能源汽車股份有限公司	—	—	19	13	2
奇瑞商用車(安徽)有限公司	—	—	60	60	—
蕪湖奇瑞汽車零部件採購有限公司	—	—	209	—	52
瑞鯨(安徽)供應鏈科技有限公司	—	—	61	—	44
東南(福建)汽車工業股份有限公司	—	—	240	—	—
廣東立德膠業精密組件有限公司	—	—	—	—	28,254
訊濠光電(滁州)有限公司	—	—	—	—	1,712
上饒市立景創新科技有限公司	—	—	—	—	20
Luxsan (Hong Kong) Trading Limited	—	—	—	—	14
信濠光電(滁州)有限公司	—	—	—	—	8
安徽立德汽車部件有限公司	—	—	—	—	41,229

(ii) Sell to the related parties

Company name	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
岱焯科技股份有限公司	1,027	2,547	2,546	1,707	1,746
上饒市立景創新科技有限公司	—	123	2,073	569	1,021
Luxvisions Innovation Technology Co., Ltd.	4,183	133,336	199,439	173,396	164,909
立勝汽車科技(蘇州)有限公司	394,380	396,984	380,631	255,615	217,789
BCS Automotive Interface Solutions	1,917	—	—	—	—
立臻科技(昆山)有限公司	643,620	78,602	49,176	49,224	—
立臻精密智造(昆山)有限公司	55,980	36,934	117	118	4
Luxsan Technology Limited	19,118	840,945	1,155,538	807,092	3,119,825
訊牧信息科技(上海)有限公司	14,869	3	—	—	—
Merry & Luxshare (Vietnam) Co., Ltd	31,839	52,940	159,513	120,245	103,400
立濠光電科技(南通)有限公司	3,922	19,675	3,546	3,185	(31)

APPENDIX I

ACCOUNTANTS' REPORT

Company name	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Xinhao Photoelectric Technology (HK) Limited.	4,287	259	401	204	202
立勝汽車科技(深圳)有限公司	1	—	—	—	—
東莞高偉光學電子有限公司	992	8,209	127,229	97,181	35,990
Cowell Optic Electronics Ltd.	117,926	47,484	1,592,583	966,474	1,585,000
奇瑞汽車股份有限公司	28,562	103,354	95,981	95,929	2,300
奇瑞汽車河南有限公司	559	(479)	903	903	(904)
奇瑞商用車(安徽)有限公司	220	18,197	13,465	14,553	1
泰睿精密股份有限公司	11	12	—	—	—
泰睿智造(東莞)科技有限公司	112	2,120	11,895	9,221	3,323
BCS Automotive Interface Solutions GmbH (Germany)	—	6,728	377	430*	382
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	—	27,530	2,849	2,401	2,358
BCS Automotive Interface Solutions US, LLC (USA)	—	24,227	36,812	26,252	43,412
BCS Automotive Interface Solutions s.r.o. (Czech)	—	94	945	765	379
立臻智能裝備(昆山)有限公司	—	230,418	193,624	121,247	59,852
立臻投資(江蘇)有限公司	—	5,047	1,997	1,377	431
信光能源科技(安徽)有限公司	—	12,999	6,626	5,438	3,186
立昇汽車科技(廣州)有限公司	—	1,338	64,296	41,320	63,815
LUXVISIONS INNOVATION TECHNOLOGY LIMITED	—	496	329	329	1,263
BCS AIS JAPAN CO., LTD.	—	—	92	67	68
立臻精密工業(昆山)有限公司	—	—	3,994	4,196*	1,322
立臻智造電子(上海)有限公司	—	—	56	791*	—
達濠科技(東莞)有限公司	—	—	574	479	—
信濠光電(恩施)有限公司	—	—	96	66	7,348
深圳市信濠光電科技股份有限公司	—	196	196	—	—
奇瑞新能源汽車股份有限公司	—	—	187,870	134,069	70,597
蕪湖奇瑞汽車零部件採購有限公司	—	—	365,523	365,523	—
安徽拙盾安全技術有限公司	—	—	7,885	3,640	31,635
達奧(蕪湖)汽車製品有限公司	—	—	115	—	—
東南(福建)汽車工業股份有限公司	—	—	174,119	174,116	26,923
蕪湖奇達動力電池系統有限公司	—	—	105	27	142
瑞鯨(安徽)供應鏈科技有限公司	—	—	1,096,867	440,789	1,444,824
蕪湖埃科泰克動力總成有限公司	—	—	4,228	—	1,879
泰睿香港國際股份有限公司	—	—	995	397	2,252
泰睿智造(桂林)科技有限公司	—	—	303	303	12,170
東莞杜博皮件有限公司	—	—	3,785	3,782	6,330
東莞立騰創新電子有限公司	—	—	694	—	40
廣州立智感知科技有限公司	—	—	—	—	18
立高光學(東莞)有限公司	—	—	—	—	647
Luxsan(Hong Kong)Trading Limited	—	—	—	—	184,975
信濠光電(滁州)有限公司	—	—	—	—	3,161
訊濠光電(滁州)有限公司	—	—	—	—	3,825
大卓智能科技有限公司	—	—	—	—	2,997

APPENDIX I

ACCOUNTANTS’ REPORT

Company name	As at 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
廣東立德膠業精密組件有限公司	—	—	—	—	11,197
安徽立德汽車部件有限公司	—	—	—	—	27,499

* Due to the impact of financial statement translation, the reported sales figure for nine month ended 30 September 2024 appears higher than that of the full year.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group as lessee

Company name (as lessor)	Type of leases	As at 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
信光能源科技(安徽)有限公司	Buildings	—	—	3,944	3,112	—
泰睿智造(東莞)科技有限公司	Buildings	—	—	25	19	—
立濠光電科技(南通)有限公司	Buildings	—	—	2,810	2,450	—
BCS Automotive Interface Solutions Queretaro S. de R.L. de C.V.	Buildings	—	—	—	—	3,707
BCS-AIS Ensembles Mexico S. de R.L.de C.V.	Buildings	—	—	—	—	5,308

(iv) Guarantee

The Company as the guaranteed party for bank borrowings:

Guarantor	Guaranteed Amount	Guarantee Commencement Date	Guarantee Expiry Date	Whether the Guarantee Has Been Fulfilled
	RMB'000			
Luxshare Hong Kong	5,100,560	2020/7/20	2023/9/26	Yes

(v) Amounts due from related parties

Trade receivables Company name	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Luxvisions Innovation Technology Co., Ltd.	3,407	137,683	68,646	115,835
立勝汽車科技(蘇州)有限公司	321,616	302,574	307,139	150,782
BCS Automotive Interface Solutions	25	—	—	105
岱煒科技股份有限公司	335	1,412	1,063	1,010
立臻科技(昆山)有限公司	173,086	—	—	—
立臻精密製造(昆山)有限公司	32,616	—	—	5
訊牧信息科技(上海)有限公司	2,849	—	—	—
Merry & Luxshare (Vietnam) Co., Ltd. . .	8,504	20,590	53,834	59,620
Luxsan Technology Limited	3,036	250,986	303,552	2,287,218
Cowell Optic Electronics Ltd.	89,178	92	1,135,631	1,112,410
立勝汽車科技(深圳)有限公司	1	—	—	—
奇瑞汽車股份有限公司	6,793	50,708	1,675	2,713
奇瑞汽車河南有限公司	632	—	1,021	—
奇瑞商用車(安徽)有限公司	249	19,453	2,690	2,691
泰睿智造(東莞)科技有限公司	127	2,371	6,657	341
BCS Automotive Interface Solutions GmbH (Germany)	—	1,324	—	389
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	—	14,601	5,879	4,142

APPENDIX I

ACCOUNTANTS’ REPORT

Trade receivables Company name	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
BCS Automotive Interface Solutions US, LLC (USA)	—	20,233	19,288	24,396
BCS Automotive Interface Solutions s.r.o. (Czech)	—	84	637	714
Xinhao Photoelectric Technology (HK) Limited.	—	43	151	23
東莞高偉光學電子有限公司	—	8,993	48,941	44,697
立昇汽車科技(廣州)有限公司	—	1,511	25,226	49,544
立濠光電科技(南通)有限公司	—	1,272	561	—
立臻投資(江蘇)有限公司	—	2,963	711	147
立臻智能裝備(昆山)有限公司	—	184,418	127,753	836
上饒市立景創新科技有限公司	—	118	1,697	988
深圳市信濠光電科技股份有限公司	—	207	207	—
信光能源科技(安徽)有限公司	—	15,854	707	—
安徽拙盾安全技術有限公司	—	—	3,948	23,274
泰睿智造(桂林)科技有限公司	—	—	13	12,616
達奧(蕪湖)汽車製品有限公司	—	—	72	—
東莞杜博皮件有限公司	—	—	7	7,074
東莞立騰創新電子有限公司	—	—	215	—
東南(福建)汽車工業股份有限公司	—	—	3	—
奇瑞新能源汽車股份有限公司	—	—	98,092	69,400
瑞鯨(安徽)供應鏈科技有限公司	—	—	964,114	860,030
立臻精密工業(昆山)有限公司	—	—	141	1,415
泰睿香港國際股份有限公司	—	—	600	—
蕪湖埃科泰克動力總成有限公司	—	—	4,777	2,475
蕪湖奇達動力電池系統有限公司	—	—	88	62
蕪湖奇瑞汽車零部件採購有限公司	—	—	191	51
立臻智造電子(上海)有限公司	—	—	64	—
廣東立德膠業精密組件有限公司	—	—	—	7,503
BCS AIS Queretaro Dos S. de R.L. de C.V.	—	—	—	3,208
LUXVISIONS INNOVATION TECHNOLOGY LIMITED.	—	—	—	1,900
廣州立智感知科技有限公司	—	—	—	20
立高光學(東莞)有限公司	—	—	—	731
Luxsan(Hong Kong)Trading Limited	—	—	—	162,915
大卓智能科技有限公司	—	—	—	500
信濠光電(滁州)有限公司	—	—	—	724
訊濠光電(滁州)有限公司	—	—	—	767
安徽立德汽車部件有限公司	—	—	—	16,709

APPENDIX I

ACCOUNTANTS’ REPORT

Other receivables	As at 31 December			Nine months ended
	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
立勝汽車科技(蘇州)有限公司	5,700	184	861	—
宣德能源股份有限公司	165	—	—	—
立臻科技(昆山)有限公司	9	—	—	—
立濠光電科技(南通)有限公司	3,923	—	—	—
Merry & Luxshare (Vietnam) Co., Ltd. . .	84	54	696	712
Xinhao Photoelectric Technology (HK) Limited.	19	127	—	—
BCS Automotive Interface Solutions GmbH (Germany)	—	4,151	—	—
BCS Automotive Interface Solutions US, LLC (USA)	—	1,836	—	—
Cowell Optic Electronics Ltd.	—	567	1,120	1,252
東莞高偉光學電子有限公司	—	10	—	—
Luxvisions Innovation Technology Co., Ltd.	—	6,621	—	—
泰睿香港國際股份有限公司	—	374	—	—
BCS Ais Japan Co., Ltd	—	—	8	8
立臻精密工業(昆山)有限公司	—	—	770	770
岱焯科技股份有限公司	—	—	—	30
Prepayments	As at 31 December			Nine months ended
Company name	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
BCS Automotive Interface Solutions . . .	10,761	—	—	—
BCS Automotive Interface Solutions GmbH (Germany)	—	17	1,311	642
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	—	8,626	7,912	—
BCS Automotive Interface Solutions US, LLC (USA)	—	1,468	1,490	—
Note receivables	As at 31 December			Nine months ended
Company name	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
立勝汽車科技(蘇州)有限公司	12,072	—	9,222	—
安徽拙盾安全技術有限公司	—	—	1,672	—
東南(福建)汽車工業股份有限公司	—	—	2,000	—
奇瑞商用車(安徽)有限公司	—	—	1,200	—
奇瑞新能源汽車股份有限公司	—	—	33,244	—
瑞鯨(安徽)供應鏈科技有限公司	—	—	67,867	—
蕪湖奇瑞汽車零部件採購有限公司	—	—	400	—

APPENDIX I

ACCOUNTANTS’ REPORT

The amounts due from related parties are trade in nature, unsecured, interest free and repayable on demand.

(vi) Amounts due to related parties

Contract liabilities	As at 31 December			Nine months ended
	2022	2023	2024	30 September
Company name	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
BCS Automotive Interface Solutions . . .	9	—	—	—
BCS Automotive Interface Solutions US, LLC (USA)	—	15	1,347	—
Luxsan Technology Limited	—	—	7,417	16,890
奇瑞新能源汽車股份有限公司	—	—	1,531	—
信濠光電(恩施)有限公司	—	—	7,312	42
BCS Automotive Interface Solutions GmbH (Germany)	—	—	—	12
安徽拙盾安全技術有限公司	—	—	—	4,514
Trade payables	As at 31 December			As at
Company name	2022	2023	2024	30 September
	RMB'000	RMB'000	RMB'000	RMB'000
岱燁科技股份有限公司	6,958	11,442	18,739	19,941
Luxvisions Innovation Technology Co., Ltd.	150	1,217	969	17,404
立景創新科技有限公司	76	—	—	—
立勝汽車科技(蘇州)有限公司	7,368	9,830	1,615	485
立臻精密智造(昆山)有限公司	80,467	—	—	—
立臻科技(昆山)有限公司	1,054	—	—	36
日益茂工業股份有限公司	9,959	5,532	5,324	1,871
東莞高偉光學電子有限公司	2,404	—	—	1,377
Merry & Luxshare (Vietnam) Co., Ltd. . .	13,130	43,590	106,486	314,540
BCS Automotive Interface Solutions . . .	382	—	—	—
Luxsan Technology Limited	907,792	338,536	971,975	474,539
立濠光電科技(南通)有限公司	268	3,012	476	—
立景創新科技(吉安)有限公司	1,812	4	1,279	183
立汕智造科技(廣東)有限公司	1,113	893	1,316	1,628
泰睿香港國際股份有限公司	899	2,521	8,265	28,009
泰睿智造(東莞)科技有限公司	1,653	14,283	29,022	4,259
訊牧信息科技(上海)有限公司	1,154	—	60	60
BCS Automotive Interface Solutions Romania s.r.l. (Romania)	—	3	6,592	1,415
BCS Automotive Interface Solutions US, LLC (USA)	—	10,065	2,867	1,193
BCS Automotive Interface Solutions GmbH (Germany)	—	—	376	—
Luxvisions Innovation Technology Limited	—	585	—	—
信光能源科技(安徽)有限公司	—	714	36	—

APPENDIX I

ACCOUNTANTS’ REPORT

Trade payables	As at 31 December			As at
	2022	2023	2024	30 September
Company name	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
立臻投資(江蘇)有限公司	—	38,170	15,275	30,780
泰睿智造(桂林)科技有限公司	—	—	116	44
東莞杜博皮件有限公司	—	—	28,426	225,102
東南(福建)汽車工業股份有限公司	—	—	375	375
高偉光學電子有限公司	—	—	14	—
立昇汽車科技(廣州)有限公司	—	—	336	710
立臻智能裝備(昆山)有限公司	—	—	3,104	1,281
奇瑞汽車股份有限公司	—	—	94	—
奇瑞新能源汽車股份有限公司	—	—	5	—
立臻精密工業(昆山)有限公司	—	—	14,342	15,678
蕪湖奇瑞汽車零部件採購有限公司	—	—	1,206	—
上饒市立景創新科技有限公司	—	—	—	21
Luxsan (Hong Kong) Trading Limited	—	—	—	14
瑞鯨(安徽)供應鏈科技有限公司	—	—	—	3
廣東立德膠業精密組件有限公司	—	—	—	14,069
信濠光電(滁州)有限公司	—	—	—	8
訊濠光電(滁州)有限公司	—	—	—	280
安徽立德汽車部件有限公司	—	—	—	29,496
				Nine months ended
				30 September
Other payables	As at 31 December			2025
Company name	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
立臻投資(江蘇)有限公司	—	1,982	—	—
日益茂工業股份有限公司	9	—	—	—
泰睿香港國際股份有限公司	45	166	218	—
BCS AIS Ensembles Mexico S. de				
R.L.de C.V. (Mexico)	—	563	—	—
岱煒科技股份有限公司	—	—	19	54
BCS Automotive Interface Solutions				
US, LLC (USA)	—	—	—	11

The amounts due to related parties are trade in nature, unsecured, interest free and repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

(vii) Key management compensation

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

Compensation of the key management personnels of the Group, including amounts paid to the Company’s Directors as disclosed in Note 8, was as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans) . . .	13,666	12,830	21,978	17,386	18,044
Share-based compensation	3,842	12,020	10,872	3,707	7,600
	<u>17,508</u>	<u>24,850</u>	<u>32,850</u>	<u>21,093</u>	<u>25,644</u>

45 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

	Lease liabilities	Borrowings	Convertible Bond	Short-term financing bills	MTN	Total
	RMB’000 (Note 20)	RMB’000 (Note 33)	RMB’000 (Note 36)	RMB’000 (Note 38)	RMB’000 (Note 37)	RMB’000
As at 1 January 2022	427,387	17,102,518	2,805,785	1,607,038	—	21,942,728
Cash inflows	—	65,493,203	—	6,600,000	—	72,093,203
Payment on principal portion.	(114,524)	(58,773,171)	—	(4,400,000)	—	(63,287,695)
Interest paid	(44,538)	(972,517)	(6,000)	(38,967)	—	(1,062,022)
Payment on debt issuance costs	—	—	(4,185)	—	—	(4,185)
Interest expenses	44,538	804,500	116,989	72,044	—	1,038,071
Debt issuance costs.	—	—	4,185	—	—	4,185
Other non-cash movements.	667,158	1,291,519	(3,019)	—	—	1,955,658
As at 31 December 2022 and 1 January 2023	<u>980,021</u>	<u>24,946,052</u>	<u>2,913,755</u>	<u>3,840,115</u>	<u>—</u>	<u>32,679,943</u>
Cash inflows	—	91,681,516	—	2,800,000	—	94,481,516
Payment on capital portion.	(176,483)	(80,966,892)	(181,719)	(5,800,000)	—	(87,125,094)
Interest paid	(27,150)	(1,424,783)	(9,000)	(80,318)	—	(1,541,251)
Payment on debt issuance costs	—	—	(6,203)	—	—	(6,203)
Interest expenses	27,150	1,186,819	119,976	42,925	—	1,376,870
Debt issuance costs.	—	—	6,203	—	—	6,203
Other non-cash movements.	(121,841)	(181,262)	6,080	—	—	(297,023)
As at 31 December 2023 and 1 January 2024	<u>681,697</u>	<u>35,241,450</u>	<u>2,849,092</u>	<u>802,722</u>	<u>—</u>	<u>39,574,961</u>
Cash inflows	—	90,538,655	457,707	6,300,000	—	97,296,362
Payment on capital portion.	(239,235)	(68,733,973)	(49,930)	(2,100,000)	—	(71,123,138)
Interest paid	(36,018)	(1,444,655)	(45,000)	(24,811)	—	(1,550,484)
Payment on debt issuance costs	—	—	(8,782)	—	—	(8,782)
Interest expenses	36,018	1,234,031	130,703	61,901	—	1,462,653
Debt issuance costs.	—	—	8,782	—	—	8,782
Other non-cash movements.	439,468	199,888	(37,135)	—	—	602,221

APPENDIX I

ACCOUNTANTS’ REPORT

	Lease liabilities	Borrowings	Convertible Bond	Short-term financing bills	MTN	Total
	RMB'000 (Note 20)	RMB'000 (Note 33)	RMB'000 (Note 36)	RMB'000 (Note 38)	RMB'000 (Note 37)	RMB'000
As at 31 December 2024	881,930	57,035,396	3,305,437	5,039,812	—	66,262,575
As at 31 December 2023 and						
1 January 2024	681,697	35,241,450	2,849,092	802,722	—	39,574,961
Cash inflows	—	63,514,923	457,707	6,300,000	—	70,272,630
Payment on capital portion	(65,643)	(40,092,563)	(49,930)	(1,600,000)	—	(41,808,136)
Interest paid	(29,843)	(2,182,375)	—	(19,638)	—	(2,231,856)
Payment on debt issuance costs	—	—	(8,782)	—	—	(8,782)
Interest expenses	29,843	965,662	89,169	36,002	—	1,120,676
Debt issuance costs	—	—	8,782	—	—	8,782
Exchange difference	—	—	(32,383)	—	—	(32,383)
Other non-cash movements	341,469	(1,088,872)	(15)	—	—	(747,417)
As at 30 September 2024	957,523	56,358,225	3,313,640	5,519,086	—	66,148,475
As at 31 December 2024 and						
1 January 2025	881,930	57,035,396	3,305,437	5,039,812	—	66,262,575
Cash inflows	—	85,942,373	—	3,200,000	3,000,000	92,142,373
Payment on capital portion	(132,781)	(67,157,618)	—	(5,000,000)	—	(72,290,399)
Interest paid	(14,038)	(1,261,528)	—	(75,179)	—	(1,350,745)
Payment on debt issuance costs	—	—	—	—	(4,500)	(4,500)
Interest expenses	14,038	1,213,438	101,312	51,650	39,198	1,419,636
Debt issuance costs	—	—	—	—	4,500	4,500
Exchange difference	—	(51,243)	20,861	—	—	(30,382)
Other non-cash movement	2,073,957	9,830,357	(356)	—	—	11,903,958
As at 30 September 2025	2,823,106	85,551,175	3,427,254	3,216,283	3,039,198	98,057,016

Other non-cash movements included in borrowing mainly resulted from acquisition of subsidiaries and exchange movement and lease liabilities mainly resulted from the new leases contracts entered during the years ended 31 December 2022, 2023, 2024 and the nine months ended 30 September 2025.

46 ACQUISITION OF SUBSIDIARIES

During the Track Record Period, the Group continued to actively seek for investment opportunities through acquisitions and has completed several material acquisitions of subsidiaries.

(a) Major acquisitions during the year ended 31 December 2022

(i) Time Interconnect Technology Limited (“Time Interconnect”)

Time Interconnect, a well-established supplier of customized interconnect solutions, is incorporated in the Cayman Islands with limited liability, and its shares have been listed on the Hong Kong Exchanges (HKEX) since February 2018. On 25 March 2022, the Group completed the acquisition of 70.92% equity interests of Time Interconnect at a cash consideration of HKD1,104,000,000 (equivalent to RMB900,157,000) from the third parties. The transaction was made as part of the Group’s strategy to expand its electronic components manufacturing business.

APPENDIX I

ACCOUNTANTS’ REPORT

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 recognized as an expense in the profit or loss.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	744,968
Intangible assets	176,053
Right-of-use asset	144,722
Trade and other receivables and prepayments	810,807
Inventory	545,385
Cash and bank balances	178,634
Other assets	88,245
Borrowing	(867,342)
Trade and other payables	(640,272)
Deferred tax liabilities	(454)
Other liabilities	(150,425)
Total identifiable net assets	<u>1,030,321</u>
Non-controlling interest	(305,833)
Fair value of net assets acquired	<u>724,488</u>
Cash consideration paid	900,157
Less: Fair value of net assets acquired	(724,488)
Goodwill	<u>175,669</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	900,157
Less: Cash and bank balances acquired	(178,634)
	<u>721,523</u>

Through the acquisition, the Group and Time Interconnect will achieve synergistic leveraging of core competencies across precision manufacturing, digitalized operations, and strategic client resources, while aligning management philosophies. The multidimensional integration will perpetually enhance strategic synergies, thereby maximizing sustainable shareholder value.

Since the acquisition date, Time Interconnect has contributed approximately RMB4,623,758,000 to the Group’s revenue and a profit of approximately RMB151,274,000 to the overall result of the Group for the year ended 31 December 2022. No pro forma information for the acquisition of Time Interconnect was prepared as the acquisition was completed on 1 January 2022 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2022.

(ii) 深圳市華榮科技有限公司 (“華榮科技”)

On 21 April 2022, the Group acquired 76.024% of 華榮科技 for RMB266,084,000. 華榮科技 is incorporated in Shenzhen and established on 24 August 2001, a company engaged in manufacturing and sales of communication equipment, information technology equipment, low-voltage complete sets of equipment, as well as providing related technical consulting services.

APPENDIX I

ACCOUNTANTS’ REPORT

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

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB'000</i>
Property, plant and equipment	229,476
Intangible assets	10,874
Right-of-use assets	234,571
Trade and other receivables and prepayments	481,371
Inventories	126,553
Cash and bank balances	25,802
Other assets	35,849
Borrowings	(161,071)
Trade and other payables	(572,399)
Deferred tax liabilities	(2,967)
Other liabilities	(264,593)
Total identifiable net assets	<u>143,466</u>
Non-controlling interest	(34,395)
Fair value of net assets acquired	<u>109,071</u>
Cash consideration paid	266,084
Less: Fair value of net assets acquired	(109,071)
Goodwill	<u>157,013</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	266,084
Less: Cash and bank balances acquired	(25,802)
	<u>240,282</u>

The Group focuses on core communications components, and intends to expand into finished goods manufacturing through the acquisition of 華榮科技.

Since the acquisition date, 華榮科技 has contributed approximately RMB2,426,985,000 to the Group’s revenue and a loss of approximately RMB5,882,000 to the overall result of the Group for the year ended 31 December 2022. No pro forma information for the acquisition of 華榮科技 is prepared as the acquisition was completed on 1 January 2022 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2022.

(b) Major acquisitions during the year ended 31 December 2024

(i) Cosmo Corporation Cayman Limited (“Cosmo”)

On 22 April 2024, the Group acquired 100% of Cosmo for RMB515,062,000. Cosmo is a holding company incorporated in Cayman Islands with several subsidiaries.

APPENDIX I

ACCOUNTANTS’ REPORT

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 recognized as an expense in the profit or loss.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB'000</i>
Property, plant and equipment	157,059
Intangible assets	4,636
Right-of-use assets	67,324
Trade and other receivables and prepayments	146,473
Inventories	164,892
Cash and bank balances	114,420
Other assets	224,807
Borrowings	(64,444)
Trade and other payables	(196,651)
Deferred tax liabilities	(9,000)
Other liabilities	(97,402)
Net assets acquired	<u>512,114</u>
Cash consideration paid	515,062
Less: Fair value of net assets acquired	<u>(512,114)</u>
Goodwill	<u>2,948</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	515,062
Less: Cash and bank balances acquired	<u>(114,420)</u>
	<u>400,642</u>

The acquisition of Cosmo further completes the Group’s consumer electronics value chain layout, elevating comprehensive competitiveness.

Since the acquisition date, Cosmo has contributed approximately RMB1,114,749,000 to the Group’s revenue and a profit of approximately RMB45,486,000 to the overall result of the Group for the year ended 31 December 2024. No pro forma information for the acquisition of Cosmo is prepared as the acquisition was completed on 1 January 2024 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Qorvo Hong Kong Holding Pvt. Limited (“QHK”)

On 2 May 2024, the Group acquired 100% of QHK for RMB1,184,927,000. QHK was a holding company incorporated in Hong Kong.

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 recognized as an expense in the profit or loss.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	519,888
Right-of-use assets	119,799
Trade and other receivables and prepayments	1,592
Inventories	345,647
Cash and bank balances	179,916
Other assets	469,554
Trade and other payables	(185,195)
Other liabilities	(275,138)
Net assets acquired	<u>1,176,063</u>
Cash consideration paid	1,184,927
Less: Fair value of net assets acquired	<u>(1,176,063)</u>
Goodwill	<u>8,864</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	1,043,273
Less: Cash and bank balances acquired	<u>(179,916)</u>
	<u>863,357</u>

The acquisition finalizes the Group’s strategic deployment in the Radio Frequency (“RF”) chip sector, and increases market share in communication RF sector.

Since the acquisition date, QHK has contributed approximately RMB3,630,933,000 to the Group’s revenue and a profit of approximately RMB30,878,000 to the overall result of the Group for the year ended 31 December 2024. No pro forma information for the acquisition of QHK is prepared as the acquisition was completed on 1 January 2024 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2024.

(iii) Qorvo Singapore Holding Pvt. Limited (“QSG”)

On 2 May 2024, the Group acquired 100% of QSG for RMB469,236,000. QSG was a holding company incorporated in Singapore.

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 recognized as an expense in the profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	377,398
Right-of-use assets	40,770
Trade and other receivables and prepayments	427
Inventories	471,016
Cash and bank balances	96,057
Other assets	85,684
Trade and other payables	(513,439)
Other liabilities	(94,150)
Net assets acquired	<u>463,763</u>
Cash consideration paid	469,236
Less: Fair value of net assets acquired	<u>(463,763)</u>
Goodwill	<u>5,473</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	469,236
Less: Cash and bank balances acquired	<u>(96,057)</u>
	<u>373,179</u>

The acquisition finalizes the Group’s strategic deployment in the RF chip sector, and increases market share in communication RF sector.

Since the acquisition date, QSG has contributed approximately RMB3,007,695,000 to the Group’s revenue and a profit of approximately RMB48,206,000 to the overall result of the Group for the year ended 31 December 2024. No pro forma information for the acquisition of QSG is prepared as the acquisition was completed in May 2024 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2024.

(c) Major acquisitions during the nine months ended 30 September 2025

(i) Acquisition of 嘉興永瑞電子科技有限公司 (“嘉興永瑞”)

On 23 January 2025 , the Group acquired 100% of 嘉興永瑞電子科技有限公司 for RMB569,881,000 from Wingtech. 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.

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	211,101
Intangible assets	56,266
Trade and other receivables and prepayments	571,372
Inventory	190,667
Cash and bank balances	30,664
Other assets	106,142
Trade and other payables	(590,227)
Deferred tax liabilities	(10,637)
Other liabilities	(32,993)
Net assets acquired	<u>532,355</u>
Cash consideration	569,881
Less: Fair value of net assets acquired	<u>(532,356)</u>
Goodwill	<u>37,525</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	569,881
Less: Cash and bank balances acquired	<u>(30,664)</u>
	<u>539,217</u>

The acquisition of 嘉興永瑞 further enhances the Group’s core competitiveness in consumer electronics customization business, optimizes our product portfolio and enriches our business and customer structure.

Since the acquisition date, 嘉興永瑞 has contributed approximately RMB1,099,134,000 to the Group’s revenue and a loss of approximately RMB 49,607,000 to the overall result of the Group for the nine months ended 30 September 2025. No pro forma information for the acquisition of 嘉興永瑞 is prepared as the acquisition was completed on 1 January 2025 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2025.

(ii) Acquisition of Leoni Kabel GmbH (“LCS”)

On 9 July 2025, the Group acquired 100% of LCS for RMB2,816,574,000. LCS was a limited liability company incorporated in Germany, established on 1 April 1999, and operated automotive cable products.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	2,031,591
Intangible assets	41,634
Right-of-use asset	100,758
Trade and other receivables and prepayments	1,782,077
Inventory	978,748
Cash and bank balances	3,245,610
Other assets	967,251
Borrowing	(3,397,181)
Trade and other payables	(2,017,190)
Deferred tax liabilities	(84,580)
Other liabilities	(830,418)
Net assets acquired	<u>2,818,300</u>
Cash consideration paid	2,816,574
Less: Fair value of net assets acquired	<u>(2,818,301)</u>
Gain on bargain purchase	<u>(1,727)</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	2,816,574
Less: Cash and bank balances acquired	<u>(3,245,610)</u>
	<u>(429,036)</u>

The acquisition resulted in a gain from bargain purchase because the consideration of the acquisition was lower than the fair value of identified net assets of the business, as the business was in a loss-making position at the time of the acquisition and the seller facing liquidity issues which motivate the seller to divest the business. The Group can add value by implementing optimization strategies to improve the efficiency of asset utilization. the acquisition of LCS further strengthens the Group’s strategic presence in the automotive sector.

Since the acquisition date, LCS has contributed approximately RMB2,975,700,000 to the Group’s revenue and a profit of approximately RMB78,153,000 to the overall result of the Group for the nine months ended 30 September 2025. No pro forma information for the acquisition of LCS is prepared as the acquisition was completed on 1 January 2025 and the directors of the Company are of the opinion that there is no significant change to the Group’s revenue or profit for the current year had the acquisition been completed on 1 January 2025.

(iii) Acquisition of Leoni AG (“WSD”)

On 10 July 2025, the Group acquired 50.1% of WSD for RMB1,731,030,000. WSD was a holding company incorporated in Germany and established on 23 April 1917, a supplier of integrated automotive wiring harness system products and solutions.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB'000</i>
Property, plant and equipment	5,222,774
Intangible assets	649,046
Right-of-use asset	1,486,896
Trade and other receivables and prepayments	4,605,812
Inventory	3,359,876
Cash and bank balances	6,282,873
Other assets	755,465
Borrowing	(5,984,750)
Trade and other payables	(5,174,216)
Deferred tax liabilities	(235,144)
Other liabilities	(6,560,207)
Total identifiable net assets	<u>4,408,425</u>
Non-controlling interest	2,199,805
Fair value of net assets acquired	<u>2,208,620</u>
Cash consideration	1,731,030
Less: Fair value of net assets acquired	<u>(2,208,620)</u>
Gain on bargain purchase	<u>(477,590)</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	1,731,030
Less: Cash and bank balances acquired	<u>(6,282,873)</u>
	<u>(4,551,843)</u>

The fair value of the trade and other receivables acquired as part of the business combination amounted to RMB4,605,812,000, with a gross contractual amount of RMB4,683,555,000. As of the acquisition date the Group’s best estimate of the contractual cash flow not expected to be collected amounted to RMB77,743,000.

The acquisition resulted in a gain from bargain purchase because the consideration of the acquisition was lower than the fair value of identified net assets of the business, as the business was in a loss-making position at the time of the acquisition and the seller facing liquidity issues which motivate the seller to divest the business. The Group can add value by implementing optimization strategies to improve the efficiency of asset utilization. the acquisition of WSD further strengthens the Group’s strategic presence in the automotive sector.

Since the acquisition date, WSD has contributed approximately RMB7,619,940,000 to the Group’s revenue and a profit of approximately RMB55,476,000 to the overall result of the Group for the nine months ended 30 September 2025.

Had the acquisition been completed on 1 January 2025, revenue for the year of the Group would have been RMB236,602,150,000, and profit for the year of the Group would have been RMB12,854,307,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

APPENDIX I

ACCOUNTANTS’ REPORT

In determining the ‘pro-forma’ revenue and profit of the Group had WSD been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of equipment at the date of the acquisition.

(iv) Acquisition of Other Mainland Consumer Electronics Businesses

On 2 July 2025, the Group acquired 100% of entire equity interest of subsidiaries comprising Other Mainland Consumer Electronics Businesses for RMB3,685,815,000 from Wingtech. Other Mainland Consumer Electronics Businesses were primarily engaged in Other Mainland Consumer Electronics Businesses for consumer electronics products.

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.

Details of the fair value of identifiable assets and liabilities are as follows:

	Fair value
	<i>RMB’000</i>
Property, plant and equipment	2,857,355
Intangible assets	2,520
Right-of-use asset	174,170
Trade and other receivables and prepayments	10,818,761
Inventory	1,578,327
Cash and bank balances	331,856
Other assets	1,931,220
Borrowing	(150,086)
Trade and other payables	(11,996,648)
Deferred tax liabilities	(3,737)
Other liabilities	(2,068,657)
Net assets acquired	<u>3,475,081</u>
Cash consideration	3,685,815
Less: Fair value of net assets acquired	<u>(3,475,081)</u>
Goodwill	<u>210,734</u>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	3,685,815
Less: Cash and bank balances acquired	<u>(331,856)</u>
	<u>3,353,959</u>

The fair value of the trade and other receivables acquired as part of the business combination amounted to RMB 10,818,761,000, with a gross contractual amount of RMB 10,821,239,000. As of the acquisition date the Group’s best estimate of the contractual cash flow not expected to be collected amounted to RMB 2,478,000.

The acquisition of Other Mainland Consumer Electronics Businesses further enhances the Group’s core competitiveness in consumer electronics customization business, optimizes its product portfolio and enriches its business and customer structure.

APPENDIX I

ACCOUNTANTS’ REPORT

Since the acquisition date, Other Mainland Consumer Electronics Businesses has contributed approximately RMB7,973,758,000 to the Group’s revenue and a loss of approximately RMB157,787,000 to the overall result of the Group for the nine months ended 30 September 2025.

Had the acquisition been completed on 1 January 2025, revenue for the year of the Group would have been RMB238,292,887,000, and profit for the year of the Group would have been RMB12,255,115,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the ‘pro-forma’ revenue and profit of the Group had Other Mainland Consumer Electronics Businesses been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of equipment at the date of the acquisition.

47 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
	2022	2023	2024	30 September 2025
	RMB’000	RMB’000	RMB’000	RMB’000
Property, plant and equipment	1,596,426	635,803	2,220,048	3,054,889
Right of use assets	547,768	401,674	283,667	738,324
Trade and note receivables	1,519,143	164,567	—	245,027
Investment in subsidiaries	5,781,944	—	—	—
Restricted bank deposits	2,054,791	3,935,387	1,092,553	2,239,868
Term deposits	—	2,874,098	11,959,559	14,319,683
Financial asset at FVTPL	60,000	—	—	—
	<u>11,560,072</u>	<u>8,011,529</u>	<u>15,555,827</u>	<u>20,597,791</u>

48 COMMITMENTS

On 16 December 2023, the Company entered into an agreement with 威訊聯合半導體有限公司, proposing to acquire 100% equity interests in 威訊聯合半導體(新加坡)有限公司 (“威訊新加坡”) and 威訊聯合半導體(香港)有限公司 (“威訊香港”) from 威訊聯合半導體有限公司 (“威訊聯合半導體”). As of 31 December 2023, the Group paid a deposit of US\$20,000,000 to 威訊聯合半導體 for the equity acquisition. The transaction was completed and the equity interests were successfully transferred to the Group in May 2024.

49 CONTINGENT LIABILITIES

No material contingent liabilities were undertaken by or impacted on the Company or the Group as at each reporting date during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

50 DIVIDEND

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend declared after the end of each financial year during the Track Record Period of RMB0.13, RMB0.3 and RMB0.2 per ordinary share in respect of the years ended 31 December 2022, 2023 and 2024.	926,948	2,153,403	1,449,476	N/A	N/A
	<u>926,948</u>	<u>2,153,403</u>	<u>1,449,476</u>	<u>N/A</u>	<u>N/A</u>

51 SUBSEQUENT EVENTS

No material subsequent events undertaken by or impacted on the Company or the Group subsequent to 30 September 2025 and up the date of this report.

52 SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2025 and up to the date of this report.