The following is the text of a report set out on pages I-1 to I-81, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHUANGLIN CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shuanglin Co., Ltd. (the "Company", formerly known as Ningbo Shuanglin Auto Parts Holding Co., Ltd.) and its subsidiaries (together, the "Group") set out on pages I-4 to I-81, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2023, 2024 and 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 33(e) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[●]

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 KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	4,138,824	4,910,495	5,483,698
Cost of sales		(3,455,294)	(4,063,384)	(4,370,419)
Gross profit		683,530	847,111	1,113,279
Other income	*5*	62,254	89,334	60,658
Selling and distribution expenses		(35,407)	(32,792)	(43,041)
Administrative expenses		(298,920)	(318,465)	(371,177)
Research and development costs		(175,045)	(168,528)	(220,278)
Expected credit losses (provided)/reversed on financial instruments		(7,474)	(1,058)	3,854
Provision for impairment losses		(69,782)	(32,627)	–
Other net (loss)/gain	*6(c)*	(5,929)	157,409	28,542
Profit from operations		153,227	540,384	571,837
Finance costs	*6(a)*	(46,818)	(31,742)	(20,344)
Profit before taxation	*6*	106,409	508,642	551,493
Income tax	*7*	(24,471)	(11,018)	(48,264)
Profit for the year		81,938	497,624	503,229
Attributable to:				
Equity shareholders of the Company		80,881	497,012	503,229
Non-controlling interests		1,057	612	–

The accompanying notes form part of the Historical Financial Information.

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Other comprehensive income for the year				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		4,614	1,196	7,714
Total comprehensive income for the year		86,552	498,820	510,943
Attributable to:				
Equity shareholders of the Company		85,495	498,208	510,943
Non-controlling interests		1,057	612	–
Total comprehensive income for the year		86,552	498,820	510,943
Earnings per share				
Basic earnings per share (RMB)	*10(a)*	0.14	0.89	0.89
Diluted earnings per share (RMB)	*10(b)*	0.14	0.88	0.87

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Investment properties	*11*	45,309	40,361	38,917
Property, plant and equipment	*12*	1,756,596	1,795,313	2,084,485
Right-of-use assets	*13*	405,143	349,767	344,227
Intangible assets	*14*	30,311	23,656	34,569
Goodwill	*15*	–	–	115,309
Prepayments and other assets	*20*	48,915	51,204	75,563
Deferred tax assets	*30*	34,313	49,131	51,787
		2,320,587	**2,309,432**	**2,744,857**
Current assets				
Assets held for sale	*17*	818	–	–
Inventories	*18*	1,015,785	1,008,534	998,763
Trade and other receivables	*19*	1,269,130	1,476,286	1,433,261
Prepayments and other assets	*20*	41,161	26,152	65,328
Financial assets measured at fair value through other comprehensive income ("FVOCI")	*21*	829,414	817,451	1,046,087
Financial assets measured at fair value through profit or loss ("FVPL")	*22*	–	10,876	–
Restricted cash	*23(a)*	131,532	110,483	127,632
Bank deposits with original maturity over three months	*23(a)*	–	–	44,994
Cash and cash equivalents	*23(a)*	346,268	511,444	561,915
		3,634,108	**3,961,226**	**4,277,980**
Current liabilities				
Trade and other payables	*24*	2,222,440	2,474,902	2,709,067
Contract liabilities	*25*	55,044	37,900	49,314
Bank loans	*26*	1,017,621	763,203	764,521
Lease liabilities	*27*	7,911	6,988	9,254
Current taxation	*30(a)*	1,339	1,868	1,899
Provisions	*29*	–	–	31,481
		3,304,355	**3,284,861**	**3,565,536**
Net current assets		**329,753**	**676,365**	**712,444**
Total assets less current liabilities		**2,650,340**	**2,985,797**	**3,457,301**

The accompanying notes form part of the Historical Financial Information.

		As at December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Bank loans	*26*	134,654	100,089	–
Trade and other payables	*24*	1,225	1,193	20,397
Lease liabilities	*27*	65,450	4,466	10,315
Deferred income	*28*	158,212	135,516	150,378
Provisions	*29*	58,687	71,452	16,374
Deferred tax liabilities	*30*	28,178	30,421	33,538
		446,406	**343,137**	**231,002**
NET ASSETS		**2,203,934**	**2,642,660**	**3,226,299**
CAPITAL AND RESERVES				
Share capital	*33(b)*	402,150	400,769	571,983
Reserves		1,793,734	2,241,891	2,654,316
Total equity attributable to equity shareholders of the Company		2,195,884	2,642,660	3,226,299
Non-controlling interests		8,050	–	–
TOTAL EQUITY		**2,203,934**	**2,642,660**	**3,226,299**

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at December 31,		
	Note	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*12*	220,822	230,742	353,614
Right-of-use assets	*13*	98,862	96,029	85,742
Intangible assets	*14*	10,906	7,632	12,126
Investments in subsidiaries	*16*	1,975,569	1,864,883	2,074,280
Prepayments and other assets	*20*	14,346	11,875	16,125
Deferred tax assets		–	900	–
		2,320,505	**2,212,061**	**2,541,887**
Current assets				
Inventories	*18*	171,389	186,126	130,975
Trade and other receivables	*19*	1,431,039	1,537,479	1,380,118
Prepayments and other assets	*20*	24,175	10,430	45,441
Financial assets measured at FVOCI	*21*	241,068	289,957	164,609
Financial assets measured at FVPL		–	10,876	–
Restricted cash	*23(a)*	20,420	15,988	5,112
Cash and cash equivalents	*23(a)*	92,654	104,414	91,322
		1,980,745	**2,155,270**	**1,817,577**
Current liabilities				
Trade and other payables	*24*	698,163	772,024	599,194
Contract liabilities		10,166	4,877	1,822
Bank loans	*26*	518,030	514,659	524,367
Lease liabilities	*27*	109,423	6,066	3,163
		1,335,782	**1,297,626**	**1,128,546**
Net current assets		**644,963**	**857,644**	**689,031**
Total assets less current liabilities		**2,965,468**	**3,069,705**	**3,230,918**
Non-current liabilities				
Bank loans	*26*	89,600	100,089	–
Trade and other payables	*24*	–	–	19,265
Lease liabilities	*27*	6,565	4,102	354
Deferred income	*28*	26,860	23,093	4,720
Provisions		1,520	–	–
Deferred tax liabilities		–	885	–
		124,545	**128,169**	**24,339**
NET ASSETS		**2,840,923**	**2,941,536**	**3,206,579**
CAPITAL AND RESERVES				
Share capital	*33(b)*	402,150	400,769	571,983
Reserves		2,438,773	2,540,767	2,634,596
TOTAL EQUITY		**2,840,923**	**2,941,536**	**3,206,579**

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital	Share premium	Other reserve	Treasury shares	Statutory reserve	Special reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		33(b)	*33(d)(i)*	*33(d)(ii)*	*33(c)*	*33(d)(iii)*	*33(d)(iv)*					
Balance at January 1, 2023		402,150	939,713	519,645	–	140,494	–	178	105,795	2,107,975	8,199	2,116,174
Changes in equity for 2023:												
Profit for the year		–	–	–	–	–	–	–	80,881	80,881	1,057	81,938
Other comprehensive income		–	–	–	–	–	–	4,614	–	4,614	–	4,614
Total comprehensive income		–	–	–	–	–	–	4,614	80,881	85,495	1,057	86,552
Capital contribution from non-controlling shareholders of subsidiaries		–	–	–	–	–	–	–	–	–	31	31
Equity-settled share-based payments	*31*	–	–	4,075	–	–	–	–	–	4,075	–	4,075
Appropriation to statutory reserves		–	–	–	–	7,667	–	–	(7,667)	–	–	–
Dividends declared and paid to non-controlling interests		–	–	–	–	–	–	–	–	–	(1,225)	(1,225)
Others		–	–	–	–	–	–	–	(1,661)	(1,661)	(12)	(1,673)
Balance at December 31, 2023		402,150	939,713	523,720	–	148,161	–	4,792	177,348	2,195,884	8,050	2,203,934

The accompanying notes form part of the Historical Financial Information.

		Attributable to equity shareholders of the Company										
	Note	Share capital	Share premium	Other reserve	Treasury shares	Statutory reserve	Special reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000 *33(b)*	*RMB'000* *33(d)(i)*	*RMB'000* *33(d)(ii)*	*RMB'000* *33(c)*	*RMB'000* *33(d)(iii)*	*RMB'000* *33(d)(iv)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		402,150	939,713	523,720	–	148,161	–	4,792	177,348	2,195,884	8,050	2,203,934
Changes in equity for 2024:												
Profit for the year		–	–	–	–	–	–	–	497,012	497,012	612	497,624
Other comprehensive income		–	–	–	–	–	–	1,196	–	1,196	–	1,196
Total comprehensive income		–	–	–	–	–	–	1,196	497,012	498,208	612	498,820
Acquisition of non-controlling interests	*33(d)(i)*	–	(20,749)	–	–	–	–	–	–	(20,749)	(8,662)	(29,411)
Repurchase of ordinary shares	*33(c)*	–	–	–	(30,021)	–	–	–	–	(30,021)	–	(30,021)
Cancellation of contingently returnable ordinary shares	*33(b)*	(1,381)	1,381	–	–	–	–	–	–	–	–	–
Equity-settled share-based payments	*31*	–	–	38,104	–	–	–	–	–	38,104	–	38,104
Appropriation to statutory reserves		–	–	–	–	13,204	–	–	(13,204)	–	–	–
Dividends declared in respect of the previous year	*33(e)*	–	–	–	–	–	–	–	(39,671)	(39,671)	–	(39,671)
Appropriation of safety production fund		–	–	–	–	–	12,090	–	–	12,090	–	12,090
Utilisation of safety production fund		–	–	–	–	–	(11,185)	–	–	(11,185)	–	(11,185)
Balance at December 31, 2024		400,769	920,345	561,824	(30,021)	161,365	905	5,988	621,485	2,642,660	–	2,642,660

The accompanying notes form part of the Historical Financial Information.

		Attributable to equity shareholders of the Company										
	Note	Share capital	Share premium	Other reserve	Treasury shares	Statutory reserve	Special reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		33(b)	*33(d)(i)*	*33(d)(ii)*	*33(c)*	*33(d)(iii)*	*33(d)(iv)*					
Balance at January 1, 2025		400,769	920,345	561,824	(30,021)	161,365	905	5,988	621,485	2,642,660	–	2,642,660
Changes in equity for 2025:												
Profit for the year		–	–	–	–	–	–	–	503,229	503,229	–	503,229
Other comprehensive income		–	–	–	–	–	–	7,714	–	7,714	–	7,714
Total comprehensive income		–	–	–	–	–	–	7,714	503,229	510,943	–	510,943
Share premium converted into share capital	*33(b)*	159,257	(159,257)	–	–	–	–	–	–	–	–	–
Equity-settled share-based payments	*31*	–	–	73,958	–	–	–	–	–	73,958	–	73,958
Exercise of equity-settled share-based payments	*33(d)*	11,957	71,272	(35,011)	30,021	–	–	–	–	78,239	–	78,239
Appropriation to statutory reserves		–	–	–	–	21,915	–	–	(21,915)	–	–	–
Dividends declared in respect of the previous year	*33(e)*	–	–	–	–	–	–	–	(79,589)	(79,589)	–	(79,589)
Appropriation of safety production fund		–	–	–	–	–	12,217	–	–	12,217	–	12,217
Utilisation of safety production fund		–	–	–	–	–	(12,104)	–	–	(12,104)	–	(12,104)
Others		–	(25)	–	–	–	–	–	–	(25)	–	(25)
Balance at December 31, 2025		571,983	832,335	600,771	–	183,280	1,018	13,702	1,023,210	3,226,299	–	3,226,299

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash generated from operations	23(b)	400,862	721,190	849,419
Income tax paid	30(a)	(23,240)	(20,033)	(67,973)
Net cash generated from operating activities		377,622	701,157	781,446
Investing activities				
Payments for the purchase of investment properties, property, plant and equipment, right-of-use assets and intangible assets		(277,435)	(296,169)	(408,062)
Proceeds from disposal of property, plant and equipment, right-of-use assets and intangible assets		45,531	36,024	34,228
Payments for purchase of financial assets measured at FVPL and bank deposits with original maturity over three months		(30,000)	(20,286)	(93,672)
Proceeds from disposal of financial assets measured at FVPL and bank deposits with original maturity over three months		56,021	10,057	11,047
Acquisition of a subsidiary, net of cash acquired	32	–	–	(101,336)
Performance compensation received		–	162,067	3,442
Net cash used in investing activities		(205,883)	(108,307)	(554,353)
Financing activities				
Proceeds from bank loans	23(c)	1,117,047	879,953	980,000
Repayments of bank loans	23(c)	(1,216,450)	(1,168,747)	(1,080,856)
Payments of interest of bank loans	23(c)	(51,309)	(36,043)	(20,486)
Payments of capital element of lease liabilities	23(c)	(10,442)	(7,907)	(9,306)
Payments of interest element of lease liabilities	23(c)	(892)	(620)	(577)
Payments of [**REDACTED**]	23(c)	–	–	[REDACTED]
Proceeds from exercise of equity-settled share-based payments		–	–	51,698
Payments for purchase of own shares		–	(30,021)	–
Payments for acquisition of non-controlling interests		–	(29,032)	–
Dividends paid to equity shareholders of the Company	23(c)	–	(39,671)	(79,589)
Dividends paid to non-controlling shareholders of subsidiaries	23(c)	(2,103)	–	–
Net cash used in financing activities		(164,149)	(432,088)	(176,724)
Net increase in cash and cash equivalents		7,590	160,762	50,369
Effect of foreign exchange rate changes		5,338	4,414	102
Cash and cash equivalents at January 1	23(a)	333,340	346,268	511,444
Cash and cash equivalents at December 31	23(a)	346,268	511,444	561,915

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise stated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Shuanglin Co., Ltd. (the "Company", formerly known as Ningbo Shuanglin Automotive Parts Holding Co., Ltd.) was established in Ningbo, Zhejiang Province, the People's Republic of China (the "PRC") on November 23, 2000 as a limited liability company under the PRC Company law. On March 16, 2006, the Company was converted into a joint stock limited liability company. The Company's A shares have been listed on the Shenzhen Stock Exchange since August 2010.

During the Track Record Period, the Company and its subsidiaries (together, the "Group") are principally engaged in the research and development, manufacturing and sales of products including (i) transmission and drive components, which include transmission components, hub bearing components and new energy power systems; and (ii) interior and exterior accessories.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The statutory financial statements of the Company for the years ended December 31, 2023 were audited by Beijing Dahua Certified Public Accountants LLP (北京大華國際會計師事務所(特殊普通合夥)). The statutory financial statements for the year ended December 31, 2024 and 2025 were audited by Beijing Dehao Certified Public Accountants LLP (北京德皓國際會計師事務所(特殊普通合夥)). Information about the statutory financial statements of the subsidiaries of the Company are set out in Note 16.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board. Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards that are effective for the Track Record Period consistently throughout the Track Record Period. The Group has not applied any new standard or interpretation that is not yet effective during the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– Financial assets measured at FVPL and financial assets measured at fair value through other comprehensive income ("FVOCI") (see note 2(f)); and

– Contingent consideration (see note 2(c)).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Business combination

The Group accounts for business combination using the acquisition method. For business combination using the acquisition method, the consideration transferred in the acquisition is generally 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.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the profit and loss.

Business combinations under common control refers to combinations where combining entities/businesses are controlled by the same parties before and after the combination and that control is not transitory. The Group applies merger accounting to account for the business combinations (including acquisition of subsidiaries) under common control, where all assets and liabilities are recorded at predecessor carrying amounts, as if the combining entities have been consolidated from the date when they first came under the control of the controlling party, where differences between consideration payable and the net assets acquired is recognised directly in share premium.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, and transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(k)(ii)).

(f) Other investments in financial instruments

The Group's and the Company's policies for investments in financial instruments, other than investments in subsidiaries, are set out below:

Investments in financial instruments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 34(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(u)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(g) Investment property

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties is accounted for as described in note 2(u)(iii).

Depreciation is calculated to write-off the costs of investment properties, less a residual value, if any, using the straight-line method over their lease term.

The estimated useful lives are as follows:

– Freehold Land	Not depreciated
– Plant and buildings	20-39 years
– Land use rights	50 years

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress mainly represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(k)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Except for the freehold land and electronic equipment and others (Mold), depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives. Depreciation of electronic equipment and others (Mold) is calculated using the unit-of-production method. Depreciation is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Freehold Land	Not depreciated
– Plant and buildings	5-39 years
– Machinery and equipment	5-10 years
– Motor vehicles	4-5 years
– Electronic equipment and others (other than Mold)	3-20 years

Depreciation methods, useful lives, estimated production volume and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets that are acquired by the Group upon acquisition of subsidiaries are measured at fair value upon initial recognition. Subsequent to initial recognition, those intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(k)(ii)).

Amortisation is calculated to write-off the cost of intangible assets with finite useful lives less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss. The estimated useful lives are as follows:

– Patents	5-20 years
– Software	5 years
– Trademarks	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(k)(ii)).

Refundable rental deposits are accounted for separately from the right-of use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(f)(i) and 2(k)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on:

– financial assets measured at amortised cost (including cash and cash equivalents, bank deposits with original maturity over three months, restricted cash and trade and other receivables); and

– lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate; and

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-current assets (other than investment property, inventories, prepayments and other assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(l)(i)), property, plant and equipment (see note 2(h)) or intangible assets (see note 2(i)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised 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. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 2(u)(i)).

(m) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(u)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(n)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(u)(i)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(k)(i)).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(w).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

Contributions to the local retirement schemes pursuant to the relevant labour rules and regulations in the relevant jurisdiction are recognised as an expense in profit or loss as incurred.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the black-scholes model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related performance conditions and service conditions at the vesting date. The equity amount is recognised in the other reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits). When share options are exercised, the amount previously recognised in the other reserve will be transferred to share premium.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income, or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

(i) Revenue from contracts with customers

(a) Sale of products

Revenue is recognised when the Group transfers the control over products to customers (i.e. goods accepted by customers).

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method.

(iii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

(iv) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(v) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

– an investment in equity securities designated as at FVOCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group 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 or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 31 and 34(e) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of equity-settled share-based transactions and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Depreciation

As explained in note 2(h), Mold is depreciated using the units of production method based on the expected production volume of the product. The expected production volume is determined based on the production quantity agreed upon in the sales contract.

Other than the mold, property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are based on the Group's historical experience with similar assets.

The Group reviews the estimated production volume of the product and useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The depreciation expense for future periods is adjusted if there are material changes from previous estimates.

(ii) Net realisable value of inventories

Net realisable value of inventories 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. These estimates are based on the current market condition and historical experience of selling products of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

(iii) Expected credit losses on trade receivables

The Group determines the ECLs on an individual basis for debtors with specific risk characteristics, the ECLs for remaining debtors with common risk characteristics are assessed collectively by using a provision matrix. Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The information about the ECLs on the Group's trade receivables is disclosed in note 34(a).

(iv) Provision for product warranties and claims

As explained in Note 29, the Group makes provision for product warranties and claims based on the best estimate of the expected costs to be incurred prior to expiry of the respective quality assurance agreements, which are subject to uncertainty and might differ from the actual costs incurred. Any increase or decrease in the provision would affect profit or loss in future periods.

(v) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are mainly engaged in the research and development, manufacturing and sales of products, including transmission and drive components, interior and exterior accessories and others.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products or service lines			
– Transmission and drive components:			
Transmission components	806,762	866,505	905,968
Hub bearing components	1,201,436	1,306,329	1,415,479
New energy power systems	271,464	674,931	948,511
Subtotal	2,279,662	2,847,765	3,269,958
– Interior and exterior accessories	1,569,500	1,763,462	1,946,082
– Others	282,745	291,580	259,906
Subtotal of revenue from contracts with customers within the scope of IFRS 15	4,131,907	4,902,807	5,475,946
Revenue from other sources			
– Rental income	6,917	7,688	7,752
	4,138,824	4,910,495	5,483,698

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Point in time	4,131,907	4,902,807	5,475,946

During the Track Record Period, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective periods are set out below. Details of concentrations of credit risk arising from its customers are set out in Note 34(a).

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	828,501	1,314,915	1,432,938
Customer B	552,781	552,098	N/A*

* Transactions with this customer did not exceed 10% of the Group's revenue during the year ended December 31, 2025

(ii) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(i) Geographical information

The following table sets out information about the geographical location of:

(i) the Group's revenue from external customers; and

(ii) the Group's investment properties, property, plant and equipment, right-of-use assets, intangible assets and goodwill ("specified non-current assets").

The Group's revenue from external customers is generated from the Chinese mainland and overseas during the Track Record Period. The geographical location of the specified non-current assets is based on the physical location of the asset: in the case of investment properties, property, plant and equipment and right-of-use assets, the location of the operation to which they are allocated; and in the case of intangible assets and goodwill, the location of operations.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue by geographical region			
Chinese mainland	3,577,976	4,431,961	4,997,139
Overseas	560,848	478,534	486,559
	4,138,824	4,910,495	5,483,698

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Specified non-current assets			
Chinese mainland	2,124,395	2,088,520	2,354,828
Overseas	112,964	120,577	262,679
	2,237,359	2,209,097	2,617,507

5 OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	42,641	65,860	34,102
Interest income	6,919	9,165	7,663
Value-added tax refund	4,109	5,173	4,592
Value-added tax deductible	8,169	9,013	14,105
Others	416	123	196
	62,254	89,334	60,658

Note: Government grants mainly represent operating subsidies and amortisation of government grants for capital expenditure including development and construction of property, plant and equipment or land use rights.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	45,926	31,122	19,767
Interest on lease liabilities	892	620	577
	46,818	31,742	20,344

(b) Staff costs

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	549,136	628,687	717,352
Contributions to defined contribution retirement plan *(Note (i))*	40,614	45,011	49,564
Equity-settled share-based payment expenses *(Note 31)*	4,075	38,104	73,958
	593,825	711,802	840,874

Note:

(i) The employees of the Company and its subsidiaries participate in defined contribution retirement plans managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the relevant jurisdictions, from the above-mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other net loss/(gain)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Performance compensation income *(Note 15)*	–	(165,509)	–
Provision for contingencies *(Note 29)*	16,786	12,571	151
Net gains on disposals of property, plant and equipment, intangible assets and right-of-use assets	(8,362)	(4,786)	(35,563)
Losses on disposal of financial assets measured at FVOCI	2,734	5,301	5,449
Net foreign exchange (gain)/loss	(4,664)	(4,221)	1,557
Donations	518	1,500	1,120
Net fair value changes of financial assets measured at FVPL	(515)	(57)	(159)
Others	(568)	(2,208)	(1,097)
	5,929	(157,409)	(28,542)

(d) Other items

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories *(Note (i))*	3,288,320	3,907,018	4,190,778
Depreciation charge for:			
– property, plant and equipment	329,061	293,389	288,937
– right-of-use assets	19,730	19,689	19,012
– investment properties	1,635	1,523	1,410
Amortisation of intangible assets	10,794	9,907	9,233
Product warranty costs	46,749	40,213	6,132
Impairment losses of property, plant and equipment	69,782	32,627	–

Note:

(i) Cost of inventories includes staff costs, depreciation and amortisation expenses, the amounts of which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Provision for the year	25,244	22,322	46,335
(Over)/under-provision in respect of prior years	728	1,390	2,957
	25,972	23,712	49,292
Deferred tax:			
Origination and reversal of tax losses and temporary differences	(1,501)	(12,694)	(1,028)
	24,471	11,018	48,264

(b) Reconciliation between tax expense and accounting profit at applicable tax rates

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	106,409	508,642	551,493
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned *(Note)*	25,199	126,169	137,873
Tax benefit of subsidiaries subject to preferential tax rates *(Note)*	(21,501)	(28,580)	(40,264)
Effect of adjustment to income tax of prior periods	728	1,390	2,957
Tax effect of non-deductible expenses	5,641	2,055	5,220
Tax effect of disposal of a subsidiary	–	(35,261)	–
Tax effect of tax losses and temporary differences not recognised and effect of using deductible losses and temporary differences for which deferred tax assets were previously not recognised	35,999	(31,895)	(21,251)
Tax effect of super deduction for research and development costs	(20,710)	(21,844)	(35,274)
Others	(885)	(1,016)	(997)
Actual tax expenses	24,471	11,018	48,264

Notes:

(i) According to the Corporate Income Tax Law of China, the Group's subsidiaries in Chinese mainland are subject to statutory income tax rate of 25%, unless otherwise specified below.

Pursuant to Chapter 28 of the Law of the People's Republic of China on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise.

Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2030. Certain subsidiaries of the Group in Chinese Mainland fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the Track Record Period. A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) while the remaining profits will continue to be taxed at 16.5%.

(iii) Taxation of other subsidiaries are charged at the prevailing rates of respectively in the relevant countries or jurisdictions and are calculated on a stand-alone basis.

8 DIRECTORS' EMOLUMENTS

Details' of directors' and Supervisors' emoluments during the Track Record Period are as follows:

For the year ended December 31, 2023

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(Note (ii))*	2023 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wu Jianbin	–	947	225	31	1,203	(282)	921
Executive directors							
Mr. Chen Youfu	–	808	200	31	1,039	(90)	949
Mr. Zhu Liming	–	740	188	19	947	(90)	857
Mr. Ge Haian	–	788	261	37	1,086	(90)	996
Non-executive directors							
Ms. Cao Wen	–	1,683	–	70	1,753	–	1,753
Ms. Wu Weijing	–	147	–	70	217	(86)	131
Independent non-executive directors							
Mr. Cheng Feng	80	–	–	–	80	–	80
Ms. Zhao Yifen	80	–	–	–	80	–	80
Mr. Jin Ming	80	–	–	–	80	–	80
Supervisors							
Mr. Cai Xinghai	–	248	–	–	248	–	248
Mr. Liu Wenke	–	179	16	7	202	–	202
Ms. Yang Qiongqiong	–	240	61	14	315	–	315
	240	5,780	951	279	7,250	(638)	6,612

For the year ended December 31, 2024

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(Note (ii))*	2024 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wu Jianbin	–	749	–	33	782	402	1,184
Executive directors							
Mr. Chen Youfu	–	832	248	33	1,113	792	1,905
Mr. Zhu Liming	–	736	219	33	988	792	1,780
Mr. Ge Haian	–	863	193	39	1,095	792	1,887
Non-executive directors							
Ms. Cao Wen	–	1,380	–	73	1,453	–	1,453
Ms. Wu Weijing	–	149	–	73	222	211	433
Independent non-executive directors							
Ms. Zhao Yifen	80	–	–	–	80	–	80
Mr. Jin Ming	80	–	–	–	80	–	80
Mr. Wang Minquan (appointed on May 9, 2024)	53	–	–	–	53	–	53
Mr. Cheng Feng (resigned on May 9, 2024)	27	–	–	–	27	–	27
Supervisors							
Mr. Cai Xinghai	–	248	–	–	248	–	248
Mr. Liu Wenke	–	185	19	8	212	–	212
Ms. Yang Qiongqiong	–	270	69	15	354	–	354
	240	5,412	748	307	6,707	2,989	9,696

For the year ended December 31, 2025

	Directors' and supervisors' fee	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(Note (ii))*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman and executive director							
Mr. Wu Jianbin	–	1,235	300	35	1,570	859	2,429
Executive directors							
Mr. Chen Youfu	–	866	566	35	1,467	1,564	3,031
Mr. Zhu Liming (resigned on September 4, 2025)	–	563	110	26	699	755	1,454
Mr. Ge Haian	–	863	761	41	1,665	1,564	3,229
Mr. Zhang Zisheng (appointed on September 4, 2025)	–	882	948	71	1,901	1,179	3,080
Non-executive directors							
Ms. Cao Wen	–	1,827	–	71	1,898	–	1,898
Ms. Wu Weijing	–	153	–	71	224	396	620
Independent non-executive directors							
Ms. Zhao Yifen	80	–	–	–	80	–	80
Mr. Jin Ming	80	–	–	–	80	–	80
Mr. Wang Minquan	80	–	–	–	80	–	80
Supervisors *(Note (iii))*							
Mr. Cai Xinghai	–	249	–	–	249	–	249
Mr. Liu Wenke	–	181	15	9	205	–	205
Ms. Yang Qiongqiong	–	270	150	15	435	–	435
	240	7,089	2,850	374	10,553	6,317	16,870

Notes:

(i) No director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement of the affairs of any member of the Group to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group during the Track Record Period.

(ii) These represent the estimated value of a share award granted to the Directors under the Company's restricted share incentive plans. The value of these restricted shares is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payment are disclosed in Note 31.

(iii) The Board of Supervisors was abolished in September 2025. Mr. Cai Xinghai, Mr. Liu Wenke and Ms. Yang Qiongqiong ceased to serve as supervisors on September 22, 2025.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the years ended December 31, 2023, 2024 and 2025, of the five individuals with the highest emoluments, four, three and two are directors whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the other one, two, and three individuals are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	979	2,215	2,101
Contributions to defined contribution retirement plan	22	90	80
Equity-settled share-based payment expenses	(90)	1,268	11,473
	911	3,573	13,654

The emoluments of the one, two, and three individuals with the highest emoluments are within the following bands:

	Year ended December 31,		
	2023	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil – HKD1,000,000	1	–	–
HKD1,000,001 – HKD1,500,000	–	–	–
HKD1,500,001 – HKD2,000,000	–	2	–
HKD2,000,001 – HKD2,500,000	–	–	–
HKD2,500,001 – HKD3,000,000	–	–	–
HKD3,000,001 – HKD3,500,000	–	–	–
HKD3,500,001 – HKD4,000,000	–	–	1
HKD4,000,001 – HKD4,500,000	–	–	–
HKD4,500,001 – HKD5,000,000	–	–	–
HKD5,000,001 – HKD5,500,000	–	–	1
HKD5,500,001 – HKD6,000,000	–	–	–
HKD6,000,001 – HKD6,500,000	–	–	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

As disclosed in Note 33(b), the Company issued 159,257,000 new A shares on the basis of four new shares for every ten existing shares by converting RMB159,257,000 from share premium into share capital ("2024 Stock Dividend"). Accordingly, the weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2023 for the effect of 2024 Stock Dividend.

	Year ended December 31,		
	2023	2024	2025
Profit attributable to equity shareholders of the Company (RMB'000)	80,881	497,012	503,229
Weighted average number of ordinary shares ('000)			
Issued ordinary shares at January 1	402,150	402,150	400,769
Effect of treasury shares at January 1 *(Note 33(c))*	–	–	(3,581)
Effect of contingently returnable ordinary shares at January 1 *(Note 15)*	(1,381)	(1,381)	–
Effect of shares repurchased during the year	–	(2,782)	–
Effect of 2024 Stock Dividend *(Note 33(b))*	160,308	159,195	159,257

	Year ended December 31,		
	2023	2024	2025
Profit attributable to equity shareholders of the Company (RMB'000)	80,881	497,012	503,229
Effect of shares issued under the Company's Share Incentive Plans *(Note 31)*	–	–	8,093
Weighted average number of ordinary shares at December 31	561,077	557,182	564,538
Basic earnings per share (expressed in RMB per share)	0.14	0.89	0.89

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares after adjusting the effect of dilutive potential ordinary shares in respect of the Company's Share Incentive Plans (Note 31) for the Track Record Period as follows:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to equity shareholders of the Company (RMB'000)	80,881	497,012	503,229
Weighted average number of ordinary shares ('000)			
Weighted average number of ordinary shares at December 31	561,077	557,182	564,538
Effect of deemed issue of shares under the Company's Share Incentive Plans *(Note 31)*	–	5,974	12,447
Weighted average number of ordinary shares (diluted) at December 31	561,077	563,156	576,985
Diluted earnings per share (expressed in RMB per share)	0.14	0.88	0.87

11 INVESTMENT PROPERTIES

	Plant and buildings	Land use rights	Freehold Land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	**30,243**	**8,076**	**–**	**38,319**
Transfer from property, plant and equipment	2,884	–	19,989	22,873
Exchange adjustment	16	–	–	16
At December 31, 2023 and January 1, 2024	**33,143**	**8,076**	**19,989**	**61,208**
Transfer to property, plant and equipment	(5,617)	–	–	(5,617)
Exchange adjustment	44	–	298	342
At December 31, 2024 and January 1, 2025	**27,570**	**8,076**	**20,287**	**55,933**
Transfer to property, plant and equipment	(860)	–	–	(860)
Transfer from right-of-use assets	–	1,200	–	1,200
Exchange adjustment	(65)	–	(450)	(515)
At December 31, 2025	**26,645**	**9,276**	**19,837**	**55,758**
Accumulated amortisation:				
At January 1, 2023	**12,179**	**2,055**	**–**	**14,234**
Charge for the year	1,470	165	–	1,635
Transfer from property, plant and equipment	28	–	–	28
Exchange adjustment	2	–	–	2

	Plant and buildings	Land use rights	Freehold Land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	**13,679**	**2,220**	**–**	**15,899**
Charge for the year	1,358	165	–	1,523
Transfer to property, plant and equipment	(1,852)	–	–	(1,852)
Exchange adjustment	2	–	–	2
At December 31, 2024 and January 1, 2025	**13,187**	**2,385**	**–**	**15,572**
Charge for the year	1,233	177	–	1,410
Transfer to property, plant and equipment	(503)	–	–	(503)
Transfer from right-of-use assets	–	367	–	367
Exchange adjustment	(5)	–	–	(5)
At December 31, 2025	**13,912**	**2,929**	**–**	**16,841**
Net book value:				
At December 31, 2025	12,733	6,347	19,837	38,917
At December 31, 2024	14,383	5,691	20,287	40,361
At December 31, 2023	19,464	5,856	19,989	45,309

As at December 31, 2023, 2024 and 2025, the fair value of the investment properties were RMB92,319,000, RMB88,146,000 and RMB76,658,000, respectively, using the market comparison approach and the discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

12 PROPERTY, PLANT AND EQUIPMENT

The Group

	Note	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Freehold land	Construction in progress	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At January 1, 2023		**963,597**	**2,188,935**	**25,278**	**558,834**	**37,693**	**188,964**	**3,963,301**
Additions		25,957	50,120	6,910	70,323	12,693	162,606	328,609
Transferred from construction in progress		43,903	101,055	–	17,726	–	(162,684)	–
Transfer to investment properties		(2,884)	–	–	–	(19,989)	–	(22,873)
Disposals		(18,339)	(164,193)	(4,294)	(12,655)	–	(2,080)	(201,561)
Exchange adjustment		1,047	1,615	10	143	804	–	3,619
At December 31, 2023 and January 1, 2024		**1,013,281**	**2,177,532**	**27,904**	**634,371**	**31,201**	**186,806**	**4,071,095**
Additions		219	93,497	3,259	88,325	–	201,693	386,993
Transferred from construction in progress		100,453	103,333	–	4,118	–	(207,904)	–
Transfer from investment properties		5,617	–	–	–	–	–	5,617
Disposals		(6,683)	(60,394)	(3,815)	(17,353)	–	(346)	(88,591)
Exchange adjustment		(1,915)	(3,546)	(22)	(323)	(652)	20	(6,438)
At December 31, 2024 and January 1, 2025		**1,110,972**	**2,310,422**	**27,326**	**709,138**	**30,549**	**180,269**	**4,368,676**
Additions		1,886	120,931	1,341	117,458	60,485	283,442	585,543
Transfer from construction in progress		47,598	158,870	–	5,005	–	(211,473)	–
Acquisition of a subsidiary	*32*	–	2,196	3,423	18	–	–	5,637
Transfer from investment properties		860	–	–	–	–	–	860
Disposals		(25,402)	(278,866)	(3,547)	(37,557)	–	–	(345,372)
Exchange adjustment		2,737	2,504	17	261	2,351	–	7,870
At December 31, 2025		**1,138,651**	**2,316,057**	**28,560**	**794,323**	**93,385**	**252,238**	**4,623,214**

	Note	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Freehold land	Construction in progress	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:								
At January 1, 2023		**352,462**	**1,267,034**	**20,534**	**370,492**	**–**	**92,469**	**2,102,991**
Charge for the year		47,761	191,366	1,942	87,992	–	–	329,061
Transfer to investment properties		(28)	–	–	–	–	–	(28)
Written back on disposals		(10,069)	(164,082)	(3,922)	(9,110)	–	(2,080)	(189,263)
Impairment provision		–	35,398	–	34,384	–	–	69,782
Exchange adjustment		259	1,556	9	132	–	–	1,956
At December 31, 2023 and January 1, 2024		**390,385**	**1,331,272**	**18,563**	**483,890**	**–**	**90,389**	**2,314,499**
Charge for the year		50,847	147,321	3,563	91,658	–	–	293,389
Transfer from investment properties		1,852	–	–	–	–	–	1,852
Transferred from construction in progress		–	2,322	–	–	–	(2,322)	–
Written back on disposals		(4,972)	(45,621)	(2,885)	(12,999)	–	(346)	(66,823)
Impairment provision		–	28,331	4,135	–	–	161	32,627
Exchange adjustment		(679)	(1,151)	(23)	(328)	–	–	(2,181)
At December 31, 2024 and January 1, 2025		**437,433**	**1,462,474**	**23,353**	**562,221**	**–**	**87,882**	**2,573,363**
Charge for the year		53,428	154,356	3,160	77,993	–	–	288,937
Acquisition of a subsidiary	*32*	–	439	1,013	–	–	–	1,452
Transfer from investment properties		503	–	–	–	–	–	503
Written back on disposals		(12,724)	(275,112)	(3,139)	(36,401)	–	–	(327,376)
Exchange adjustment		528	1,180	12	130	–	–	1,850
At December 31, 2025		**479,168**	**1,343,337**	**24,399**	**603,943**	**–**	**87,882**	**2,538,729**
Net book value:								
At December 31, 2025		659,483	972,720	4,161	190,380	93,385	164,356	2,084,485
At December 31, 2024		673,539	847,948	3,973	146,917	30,549	92,387	1,795,313
At December 31, 2023		622,896	846,260	9,341	150,481	31,201	96,417	1,756,596

The Company

	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2023	**96,005**	**195,999**	**4,277**	**59,865**	**19,789**	**375,935**
Additions	2,143	63,371	1,746	12,324	13,014	92,598
Transferred from construction in progress	874	17,326	–	1,580	(19,780)	–
Disposals	(936)	(16,278)	(775)	(4,983)	(1,015)	(23,987)
At December 31, 2023 and January 1, 2024	**98,086**	**260,418**	**5,248**	**68,786**	**12,008**	**444,546**
Additions	–	25,469	2,355	5,640	24,424	57,888
Transfer from construction in progress	–	28,338	–	129	(28,467)	–
Disposals	(6,683)	(36,305)	(1,268)	(6,104)	(185)	(50,545)
At December 31, 2024 and January 1, 2025	**91,403**	**277,920**	**6,335**	**68,451**	**7,780**	**451,889**
Additions	–	47,647	1,743	23,770	102,151	175,311
Transferred from construction in progress	18,853	53,730	–	1,728	(74,311)	–
Disposals	(11,990)	(18,379)	(4,155)	(5,574)	–	(40,098)
At December 31, 2025	**98,266**	**360,918**	**3,923**	**88,375**	**35,620**	**587,102**

	Plant and buildings	Machinery and equipment	Motor vehicles	Electronic equipment and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At December 31, 2022 and January 1, 2023	**32,971**	**101,343**	**3,390**	**47,670**	**2,507**	**187,881**
Charge for the year	4,879	38,051	418	7,909	–	51,257
Written back on disposals	(83)	(11,158)	(736)	(3,884)	–	(15,861)
Impairment provision	–	–	–	447	–	447
At December 31, 2023 and January 1, 2024	**37,767**	**128,236**	**3,072**	**52,142**	**2,507**	**223,724**
Charge for the year	3,562	23,551	2,669	6,597	–	36,379
Written back on disposals	(4,972)	(30,204)	(1,198)	(5,452)	(185)	(42,011)
Transferred from construction in progress	–	2,322	–	–	(2,322)	–
Impairment provision	–	3,055	–	–	–	3,055
At December 31, 2024 and January 1, 2025	**36,357**	**126,960**	**4,543**	**53,287**	**–**	**221,147**
Charge for the year	3,544	23,000	1,359	6,827	–	34,730
Written back on disposals	(8,062)	(6,576)	(3,030)	(4,721)	–	(22,389)
At December 31, 2025	**31,839**	**143,384**	**2,872**	**55,393**	**–**	**233,488**
Net book value:						
At December 31, 2025	66,427	217,534	1,051	32,982	35,620	353,614
At December 31, 2024	55,046	150,960	1,792	15,164	7,780	230,742
At December 31, 2023	60,319	132,182	2,176	16,644	9,501	220,822

13 RIGHT-OF-USE ASSETS

The Group

	Plant and buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2023	**37,259**	**444,945**	**482,204**
Additions	63,493	1,300	64,793
Disposals	(20,126)	(16,664)	(36,790)
Exchange adjustment	41	–	41
At December 31, 2023 and January 1, 2024	**80,667**	**429,581**	**510,248**
Additions	–	15,757	15,757
Disposals	(54,327)	–	(54,327)
At December 31, 2024 and January 1, 2025	**26,340**	**445,338**	**471,678**
Additions	17,414	4,400	21,814
Transfer to investment properties	–	(1,200)	(1,200)
Disposals	(8,335)	(10,416)	(18,751)
At December 31, 2025	**35,419**	**438,122**	**473,541**
Accumulated depreciation and impairment losses:			
At December 31, 2022 and January 1, 2023	**12,348**	**94,356**	**106,704**
Charge for the year	10,626	9,104	19,730
Written back on disposals	(15,681)	(3,960)	(19,641)
Impairment provision	–	(1,726)	(1,726)
Exchange adjustment	38	–	38
At December 31, 2023 and January 1, 2024	**7,331**	**97,774**	**105,105**
Charge for the year	10,157	9,532	19,689
Written back on disposals	(2,883)	–	(2,883)
At December 31, 2024 and January 1, 2025	**14,605**	**107,306**	**121,911**
Charge for the year	9,741	9,271	19,012
Transfer to investment properties	–	(367)	(367)
Written back on disposals	(8,335)	(2,907)	(11,242)
At December 31, 2025	**16,011**	**113,303**	**129,314**
Net book value:			

	Plant and buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2025	19,408	324,819	344,227
At December 31, 2024	11,735	338,032	349,767
At December 31, 2023	73,336	331,807	405,143

Note: The Group is in the process of applying for the certificates for certain land use rights with an aggregate carrying value of RMB33,044,000 respectively as at December 31, 2025. The directors of the Company are of the opinion that the Group is entitled to legally and validly occupy and use of these land use rights.

The Company

	Plant and buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At January 1, 2023	**19,585**	**116,789**	**136,374**
Additions	8,516	–	8,516
Disposals	(5,624)	–	(5,624)
At December 31, 2023 and January 1, 2024	**22,477**	**116,789**	**139,266**
Additions	7,854	–	7,854
At December 31, 2024 and January 1, 2025	**30,331**	**116,789**	**147,120**
Additions	828	215	1,043
Disposals	(8,796)	(2,032)	(10,828)
At December 31, 2025	**22,363**	**114,972**	**137,335**
Accumulated depreciation and impairment losses:			
At January 1, 2023	**13,996**	**26,142**	**40,138**
Charge for the year	3,354	2,523	5,877
Written back on disposals	(5,611)	–	(5,611)
At December 31, 2023 and January 1, 2024	**11,739**	**28,665**	**40,404**
Charge for the year	8,194	2,493	10,687
At December 31, 2024 and January 1, 2025	**19,933**	**31,158**	**51,091**
Charge for the year	6,077	3,663	9,740
Written back on disposals	(7,421)	(1,817)	(9,238)
At December 31, 2025	**18,589**	**33,004**	**51,593**
Net book value:			
At December 31, 2025	3,774	81,968	85,742
At December 31, 2024	10,398	85,631	96,029
At December 31, 2023	10,738	88,124	98,862

The analysis of the Group's expense items in relation to leases recognised in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Plant and buildings	10,626	10,157	9,741
Land use rights	9,104	9,532	9,271
Expenses relating to leases of low-value assets and short-term leases	591	298	319
Interest on lease liabilities *(Note 6(a))*	892	620	577

Details of total cash outflow for leases and the maturity analysis of lease liabilities of the Group are set out in Notes 23(c) and 27, respectively.

14 INTANGIBLE ASSETS

The Group

	Note	Patents	Software	Trademarks	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2023		**66,199**	**79,599**	**79**	**145,877**
Additions		–	3,789	–	3,789
Disposals		(24,514)	(11,133)	(69)	(35,716)
Exchange adjustment		–	(6)	–	(6)
At December 31, 2023 and January 1, 2024		**41,685**	**72,249**	**10**	**113,944**
Additions		–	3,988	–	3,988
Disposals		–	(17,146)	–	(17,146)
Exchange adjustment		–	(16)	–	(16)
At December 31, 2024 and January 1, 2025		**41,685**	**59,075**	**10**	**100,770**
Additions		–	8,841	–	8,841
Acquisition of a subsidiary	*32*	11,300	–	1	11,301
Disposals		-	(2,488)	–	(2,488)
Exchange adjustment		–	6	–	6
At December 31, 2025		**52,985**	**65,434**	**11**	**118,430**
Accumulated amortisation and impairment losses:					
At January 1, 2023		**50,987**	**57,497**	**78**	**108,562**
Charge for the year		2,735	8,059	–	10,794
Written back on disposals		(24,514)	(11,133)	(68)	(35,715)
Exchange adjustment		–	(8)	–	(8)
At December 31, 2023 and January 1, 2024		**29,208**	**54,415**	**10**	**83,633**
Charge for the year		2,735	7,172	–	9,907
Written back on disposals		–	(16,420)	–	(16,420)
Exchange adjustment		–	(6)	–	(6)
At December 31, 2024 and January 1, 2025		**31,943**	**45,161**	**10**	**77,114**
Charge for the year		2,642	6,590	1	9,233
Written back on disposals		–	(2,488)	–	(2,488)
Exchange adjustment		–	2	–	2
At December 31, 2025		**34,585**	**49,265**	**11**	**83,861**
Net book value:					
At December 31, 2025		18,400	16,169	–	34,569
At December 31, 2024		9,742	13,914	–	23,656
At December 31, 2023		12,477	17,834	–	30,311

The Company

	Patents	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	**260**	**51,637**	**10**	**51,907**
Additions	–	2,425	–	2,425
Disposals	–	(8,522)	–	(8,522)
At December 31, 2023 and January 1, 2024	**260**	**45,540**	**10**	**45,810**
Additions	–	1,224	–	1,224
Disposals	–	(8,697)	–	(8,697)
At December 31, 2024 and January 1, 2025	**260**	**38,067**	**10**	**38,337**
Additions	–	8,532	–	8,532
At December 31, 2025	**260**	**46,599**	**10**	**46,869**

	Patents	Software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation and impairment losses:				
At December 31, 2022 and January 1, 2023	**258**	**38,588**	**10**	**38,856**
Charge for the year	–	4,561	–	4,561
Written back on disposals	–	(8,513)	–	(8,513)
At December 31, 2023 and January 1, 2024	**258**	**34,636**	**10**	**34,904**
Charge for the year	–	4,498	–	4,498
Written back on disposals	–	(8,697)	–	(8,697)
At December 31, 2024 and January 1, 2025	**258**	**30,437**	**10**	**30,705**
Charge for the year	1	4,037	–	4,038
At December 31, 2025	**259**	**34,474**	**10**	**34,743**
Net book value:				
At December 31, 2025	1	12,125	–	12,126
At December 31, 2024	2	7,630	–	7,632
At December 31, 2023	2	10,904	–	10,906

15 GOODWILL

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost			
– New Torch	453,148	453,148	453,148
– Chengye	217,951	217,951	217,951
– Shuanglin Investment	163,347	163,347	163,347
– Kezhixin	–	–	115,309
Subtotal	834,446	834,446	949,755
Accumulated impairment losses	(834,446)	(834,446)	(834,446)
	–	–	115,309

Goodwill was mainly arisen from the Company's following four acquisitions:

In 2014, the Company acquired 100% equity interest in Hubei Shuanglin Bearing Co., Ltd. (湖北雙林軸承有限公司, previously known as "Hubei New Torch Technology Co., Ltd." (湖北新火炬科技有限公司)) ("New Torch") from several third parties at total consideration of RMB820,000,000. Goodwill of RMB453,148,000 was recognised as the positive balance between the Group's share of the fair value of the identifiable net assets and the acquisition cost.

In 2017, the Company acquired 100% equity interest in Shanghai Chengye Automotive Parts Co., Ltd. (上海誠燁汽車零部件有限公司) ("Chengye") from several third parties ("Selling Shareholders of Chengye") at total consideration of RMB465,000,000, which was subject to adjustment depending on achievement of net profit of Chengye for each performance year from 2017 to 2019. Goodwill of RMB217,951,000 was recognised as the positive balance between the Group's share of the fair value of the identifiable net assets and the acquisition cost. Since Chengye didn't meet the performance target, the Selling Shareholders of Chengye should compensate certain amount to the Group, majority of which were settled before the Track Record Period except for the cash compensation of RMB3,999,000 received during the year ended December 31, 2022.

In 2018, the Company acquired 100% equity interest in Ningbo Shuanglin Automotive Parts Investment Co., Ltd. (寧波雙林汽車部件投資有限公司) ("Shuanglin Investment") from several selling shareholders at total consideration of RMB2.3 billion, including cash consideration of RMB677,580,000 and equity consideration of 64,948,757 ordinary shares ("contingently returnable ordinary shares"). Since the Group, Shuanglin Group and Ningbo Jisheng are all ultimately controlled by the same shareholder, the acquisition was accounted for as common control transaction. The carrying amount of Goodwill of RMB163,347,000 in the book of Shuanglin Investment was recognised on a carryover basis.

Selling shareholders	Transferred equity interest	Consideration	
		Cash	Issuance of ordinary shares of the Company
Ningbo Shuanglin Group Co., Ltd. (寧波雙林集團股份有限公司) ("Shuanglin Group")	62.1%	428,490,000	40,024,419
Ningbo Jisheng Transmission Technology Co., Ltd. (寧海吉盛傳動技術有限公司) ("Ningbo Jisheng")	1.8%	–	1,657,325
Ninghai Jinshi Equity Investment Fund Partnership Enterprise (Limited Partnership) (寧海金石股權投資基金合夥企業(有限合夥)) ("Ninghai Jinshi")	26.1%	180,090,000	16,821,857
Shanghai Maple Automobile Co., Ltd. (上海華普汽車有限公司) ("Shanghai Maple")	10.0%	69,000,000	6,445,156

The consideration was subject to adjustment depending on achievement of Shuanglin Investment's net profit for each performance year from 2017 to 2020. Since Shuanglin Investment didn't meet the performance target, the Selling Shareholders of Shuanglin Investment should compensate all the consideration to the Group, including both the cash consideration and equity consideration, majority of which were settled before the Track Record Period except for the part from Ninghai Jinshi.

During the year ended December 31, 2024, the Group received the last instalment of 1,380,547 ordinary shares from Ninghai Jingshi and cancelled those contingently returnable ordinary shares, and recognised RMB165,509,000 performance compensation income receivable from Ninghai Jinshi, among which, RMB162,067,000 was received during the year ended December 31, 2024 and RMB3,442,000 was received during the year ended December 31, 2025. As of December 31, 2025, a remaining amount of RMB14,581,000 was still outstanding, which the Group considers not probable to be collected, thus the Group didn't recognise such receivables from Ninghai Jinshi.

The Group has provided full impairment loss of RMB834,446,000 on the above goodwill before the Track Record Period, due to the weakening economic growth and fierce competition in automotive industry.

As stated in Note 32, in January 2025, the Company acquired 100% equity interest in Wuxi Kezhixin Machinery Technology Co., Ltd. (無錫科之鑫機械科技有限公司) ("Kezhixin") from several third parties at total consideration of RMB135,000,000, subject to adjustment depending on achievement of Kezhixin's performance targets for each performance year from 2025 to 2027. Goodwill of RMB115,309,000 was recognised as the positive balance between the Group's share of the fair value of the identifiable net assets and the acquisition cost.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified by unit as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
New Torch	–	–	–
Chengye	–	–	–
Shuanglin Investment	–	–	–
Kezhixin	–	–	115,309
	–	–	115,309

Impairment test

As at December 31, 2025, the recoverable amount of Kezhixin is determined based on value-in-use ("VIU") calculation. The Group engaged an independent professional valuer to assist with the calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period.

Compound growth rates of revenue during the five-year forecast period is 32%, which is based on the revenue achieved in the first five years of the budget or forecast period, adjusted by management's outlook of expected market development. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%.

The discount rate is a pre-tax discount rate that reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment. The applicable pre-tax discount rate is 16.3%.

At December 31, 2025, the recoverable amount of Kezhixin is estimated to exceed its carrying amount by approximately RMB135,588,000.

16 INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	2,278,239	2,098,699	2,352,736
Less: Impairment losses	(302,670)	(233,816)	(278,456)
	1,975,569	1,864,883	2,074,280

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

	Place and date of incorporation	Particulars of issued and paid-up capital	Effective interest held by the Group As at December 31, 2023	2024	2025	Principal activities	Name of auditor 2023	2024	2025
Ningbo Shuanglin Mould Co., Ltd. (寧波雙林模具有限公司) *Note (a)*	The People's Republic of China December 27, 2005	RMB40,000,000/ RMB40,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories and molds	*Note (b)*	*Note (b)*	*Note (e)*
Ninghai Xincheng Auto Parts Co., Ltd. (寧海鑫城汽車配件有限公司) *Note (a)*	The People's Republic of China May 8, 1995	RMB10,000,000/ RMB10,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories and molds	*Note (b)*	*Note (b)*	*Note (e)*
Chongqing Wanglin Auto Parts Co., Ltd. (重慶旺林汽車配件有限公司) *Note (a)*	The People's Republic of China January 20, 2003	RMB45,000,000/ RMB45,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories and molds	*Note (b)*	*Note (b)*	*Note (e)*
Ningbo Hangzhou Bay New District Shuanglin Auto Parts Co., Ltd. (寧波杭州灣新區雙林汽車部件有限公司) *Note (a)*	The People's Republic of China March 15, 2011	RMB220,000,000/ RMB220,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories and molds	*Note (b)*	N/A	*Note (e)*
Liuzhou Shuanglin Auto Parts Technology Co., Ltd. (柳州雙林汽車部件科技有限公司) *Note (a)*	The People's Republic of China June 13, 2011	RMB30,000,000/ RMB30,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories and molds	*Note (b)*	*Note (b)*	*Note (e)*
Hubei Shuanglin Bearing Co., Ltd. (湖北雙林軸承有限公司) *Note (a)*	The People's Republic of China February 13, 1988	RMB70,000,000/ RMB70,000,000	100%	100%	100%	Developing, designing and manufacturing automotive wheel and hub bearings	*Note (b)*	*Note (b)*	*Note (e)*
Shandong Shuanglin New Energy Technology Co., Ltd. (山東雙林新能源科技有限公司) *Note (a)*	The People's Republic of China October 20, 2020	RMB30,000,000/ RMB30,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories	*Note (b)*	*Note (b)*	*Note (e)*
Liuzhou Wanglin New Energy Technology Co., Ltd. (柳州旺林新能源科技有限公司) *Note (a)*	The People's Republic of China July 10, 2020	RMB20,000,000/ RMB20,000,000	100%	100%	100%	Developing, designing and manufacturing automotive components and accessories	N/A	*Note (b)*	*Note (e)*

	Place and date of incorporation	Particulars of issued and paid-up capital	Effective interest held by the Group As at December 31, 2023	2024	2025	Principal activities	Name of auditor 2023	2024	2025
New Torch Technology (Thailand) Co., Ltd	Thailand December 19, 2019	THB 450,000,000/ THB 414,631,149	100%	100%	100%	Manufacturing of automotive components and decorative parts, manufacturing of plastic products, and manufacturing of molds	*Note (c)*	*Note (d)*	*Note (e)*
Shuanglin Automotive (Thailand) Co., Ltd.	Thailand April 30, 2024	THB 950,000,000/ THB 665,060,671	N/A	100%	100%	Manufacturing of automotive components and decorative parts, manufacturing of plastic products, and manufacturing of molds	N/A	*Note (d)*	*Note (e)*
Shanghai Chengye Automotive Parts Co., Ltd. (上海誠燁汽車零部件有限公司) *Note (a)*	The People's Republic of China May 27, 2003	RMB 51,200,000/ /RMB 51,200,000	100%	100%	100%	Manufacturing of automotive components and accessories and molds	*Note (b)*	*Note (b)*	*Note (e)*
Wuxi Kezhixin Mechanical Technology Co., Ltd. (無錫市科之鑫機械科技有限公司) *Note (a)*	The People's Republic of China April 26, 2017	RMB2,000,000/ RMB2,000,000	N/A	N/A	100%	Developing, designing and manufacturing internal and external thread grinders	N/A	*Note (b)*	*Note (b)*

Notes:

(a) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of these names is for identification purpose only.

(b) The financial statements for the relevant entities for the respective years were audited by Beijing Dehao Certified Public Accountants LLP (北京德皓國際會計師事務所(特殊普通合夥)).

(c) The financial statements for the relevant entity for the respective years were audited by PSN ACCOUNTING.

(d) The financial statements for the relevant entities for the respective years were audited by Maenumpin Accounting Service Co., Ltd..

(e) As at the date of this report, the audited financial statements of this entity for the year ended December 31, 2025 were not yet issued.

All companies comprising the Group have adopted December 31 as their financial year end date.

17 ASSETS HELD FOR SALE

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	818	–	–

In January 2023, the Group committed to an agreement to sell certain property, plant and equipment. Pursuant to the agreement, the Group disposed of the related assets for a total consideration of RMB5,421,000. Accordingly, those assets are presented as assets held for sale and stated at the lower of carrying amounts and fair value less costs to sell.

18 INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	134,804	106,539	129,494
Work in progress	210,728	270,277	256,221
Finished goods	670,253	631,718	613,048
	1,015,785	1,008,534	998,763

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	27,403	26,878	21,602
Work in progress	19,971	21,870	15,915
Finished goods	124,015	137,378	93,458
	171,389	186,126	130,975

All of the inventories are expected to be recovered within one year.

The analysis of the amount of inventories of the Group recognised as an expense and included in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold and consumed	3,263,922	3,864,635	4,176,147
Write-down of inventories	24,398	42,383	14,631
	3,288,320	3,907,018	4,190,778

Net realisable value of inventories 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. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

19 TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	1,272,049	1,474,153	1,393,105
– Related parties	2,682	1,017	11,304
Less: Loss allowance of trade receivables	(48,632)	(48,072)	(45,681)
Bills receivable, carried at amortised cost *(Note)*	–	12,118	14,784
Trade and bills receivables measured at amortised cost	1,226,099	1,439,216	1,373,512

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Value-added tax recoverable	30,486	10,734	27,852
Tax prepayments	8,521	5,625	24,468
Deposits	17,451	32,623	20,951
Others			
– Third parties	7,372	10,711	7,725
– Related parties	22,046	18,756	–
Less: Loss allowance of deposits and other receivables	(42,845)	(41,379)	(21,247)
	43,031	37,070	59,749
	1,269,130	1,476,286	1,433,261

Note: As at December 31, 2024 and 2025, certain bills receivable carried at amortised cost with an aggregate amount of RMB2,911,000 and RMB3,892,000 were pledged for bills payable. No bills receivable were pledged for bills payable as at December 31, 2023.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Third parties	411,168	503,527	368,643
– Subsidiaries	48,348	201,805	197,523
Less: Loss allowance of trade receivables	(6,812)	(136,880)	(134,483)
Bills receivable, carried at amortised cost	–	645	3,045
Trade and bills receivables measured at amortised cost	452,704	569,097	434,728
Value-added tax recoverable	1,475	1,311	14,350
Deposits	114	5,645	2,348
Others			
– Third parties	5,153	8,369	5,312
– Related parties	14,392	12,231	–
– Subsidiaries	1,105,438	1,057,237	1,035,593
Less: Loss allowance of deposits and other receivables	(148,237)	(116,411)	(112,213)
	978,335	968,382	945,390
	1,431,039	1,537,479	1,380,118

All of the trade and other receivables are expected to be recovered within one year.

Ageing analysis:

As of the end of each reporting period, the ageing analysis of trade and bills receivable, based on revenue recognition date, is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,238,132	1,453,677	1,380,975
Over 1 year	36,599	33,611	38,218
Less: Loss allowance	(48,632)	(48,072)	(45,681)
	1,226,099	1,439,216	1,373,512

Further details on the Group's credit policy are set out in Note 34(a).

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	459,138	705,500	436,435
Over 1 year	378	477	132,776
Less: Loss allowance	(6,812)	(136,880)	(134,483)
	452,704	569,097	434,728

20 PREPAYMENTS AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term deferred expenses	31,827	23,290	31,747
Prepayments for long-term assets	17,088	27,914	43,816
Non-current	48,915	51,204	75,563
Prepayments for [**REDACTED**]	–	–	[REDACTED]
Purchase prepayments	33,215	17,024	34,871
Contract costs and others	7,946	9,128	13,105
Less: Impairment losses of prepayment and other assets	–	–	(607)
Current	41,161	26,152	65,328

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term deferred expenses	9,939	9,452	10,458
Prepayments for long-term assets	4,407	2,423	5,667
Non-current	14,346	11,875	16,125
Prepayments for [**REDACTED**]	–	–	[REDACTED]
Purchase prepayments	23,512	9,613	26,157
Contract costs and others	663	817	1,325
Current	24,175	10,430	45,441

21 FINANCIAL ASSETS MEASURED AT FVOCI

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable, carried at FVOCI	829,414	817,451	1,046,087

As at December 31, 2023, 2024 and 2025, certain bills receivable carried at FVOCI with an aggregate amount of RMB441,157,000, RMB537,374,000 and RMB378,544,000 were pledged for bills payable.

The above bills receivable are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these bills receivable. Hence, these bills receivable are classified as at financial assets measured at FVOCI.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable, carried at FVOCI	241,068	289,957	164,609

22 FINANCIAL ASSETS MEASURED AT FVPL

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	10,876	–

The Group invested in financial products issued by banks and other financial institutions with its idle funds. These wealth management products usually have a preset maturity period and expected return, covering a wide range of investments, including government and corporate debentures, central bank bills, currency market funds, and Chinese listed equity securities. These financial products are classified as financial assets at fair value through profit or loss.

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	20	3	1
Cash at bank	477,780	621,924	734,540
Less: Restricted cash *(Note)*	(131,532)	(110,483)	(127,632)
Bank deposits with original maturity over three months	–	–	(44,994)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows	346,268	511,444	561,915

Note: Restricted cash of RMB131,532,000, RMB110,483,000 and RMB127,632,000 as at December 31, 2023, 2024 and 2025, were mainly pledged for bills payable.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	113,074	120,402	96,434
Less: Restricted cash	(20,420)	(15,988)	(5,112)
	92,654	104,414	91,322

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		106,409	508,642	551,493
Adjustments for:				
Depreciation charge				
– Depreciation of property, plant and equipment	*6(d)*	329,061	293,389	288,937
– Depreciation of right-of-use assets	*6(d)*	19,730	19,689	19,012
– Depreciation of investment properties	*6(d)*	1,635	1,523	1,410
– Depreciation of long-term deferred expenses		21,358	32,986	18,416
Amortisation of intangible assets	*6(d)*	10,794	9,907	9,233
Impairment losses of property, plant and equipment	*6(d)*	69,782	32,627	–
Impairment losses of prepayment and other assets		–	–	607
Write-down of inventories	*18*	24,398	42,383	14,631
Expected credit losses provided/(reversed) on financial instruments		7,474	1,058	(3,854)
Net gains on disposals of property, plant and equipment, intangible assets and right-of-use assets	*6(c)*	(8,362)	(4,786)	(35,563)
Net fair value changes of financial assets measured at FVPL	*6(c)*	(515)	(57)	(159)
Performance compensation income	*6(c)*	–	(165,509)	–
Finance costs	*6(a)*	46,818	31,742	20,344
Equity-settled share-based payment expenses	*6(b)*	4,075	38,104	73,958
Unrealised exchange gains		(5,338)	(4,414)	(102)
Changes in working capital:				
(Increase)/decrease in inventories		(98,036)	14,741	14,977
(Increase) in trade and other receivables and prepayments and other assets		(276,376)	(154,405)	(182,611)
Increase in trade and other payables and contract liabilities		147,955	23,570	58,690
Cash generated from operations		400,862	721,190	849,419

(c) Reconciliation of liabilities arising from financing activities

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

	Lease liabilities	Bank loans	Dividend payable	Total
	RMB'000 *(Note 27)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*
At January 1, 2023	23,740	1,253,562	878	1,278,180
Proceeds from bank loans	–	1,117,047	–	1,117,047
Repayments of bank loans	–	(1,216,450)	–	(1,216,450)
Interest of bank loans paid	–	(51,309)	–	(51,309)
Payments of capital element of lease liabilities	(10,442)	–	–	(10,442)
Payments of interest element of lease liabilities	(892)	–	–	(892)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	(2,103)	(2,103)
Total changes from financing cash flows	(11,334)	(150,712)	(2,103)	(164,149)

	Lease liabilities	Bank loans	Dividend payable	Total
	RMB'000 *(Note 27)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*
Other changes:				
Interest expenses	892	45,926	–	46,818
Additions	60,063	–	–	60,063
Dividends declared to non-controlling shareholders of subsidiaries	–	–	1,225	1,225
Others	–	3,499	–	3,499
Total other changes	60,955	49,425	1,225	111,605
At December 31, 2023 and January 1, 2024	73,361	1,152,275	–	1,225,636

	Note	Lease liabilities	Bank loans	Dividend payable	[REDACTED] payable – capital element (included in trade and other payables)	Total
		RMB'000 *(Note 27)*	*RMB'000* *(Note 26)*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024		73,361	1,152,275	–	–	1,225,636
Proceeds from bank loans		–	879,953	–	–	879,953
Repayments of bank loans		–	(1,168,747)	–	–	(1,168,747)
Interest of bank loans paid		–	(36,043)	–	–	(36,043)
Payments of capital element of lease liabilities		(7,907)	–	–	–	(7,907)
Payments of interest element of lease liabilities		(620)	–	–	–	(620)
Payments of dividends	*33(e)*	–	–	(39,671)	–	(39,671)
Total changes from financing cash flows		(8,527)	(324,837)	(39,671)	–	(373,035)
Other changes:						
Interest expenses		620	31,122	–	–	31,742
Disposals		(54,000)	–	–	–	(54,000)
Dividends declared		–	–	39,671	–	39,671
Others		–	4,732	–	–	4,732
Total other changes		(53,380)	35,854	39,671	–	22,145
At December 31, 2024 and January 1, 2025		11,454	863,292	–	–	874,746
Proceeds from bank loans		–	980,000	–	–	980,000
Repayments of bank loans		–	(1,080,856)	–	–	(1,080,856)
Interest of bank loans paid		–	(20,486)	–	–	(20,486)
Payments of capital element of lease liabilities		(9,306)	–	–	–	(9,306)
Payments of interest element of lease liabilities		(577)	–	–	–	(577)
Payments of dividends	*33(e)*	–	–	(79,589)	–	(79,589)
Payments of [**REDACTED**]		–	–	–	[REDACTED]	[REDACTED]
Total changes from financing cash flows		(9,883)	(121,342)	(79,589)	(17,608)	(228,422)
Other changes:						
Interest expenses		577	19,767	–	–	20,344
Additions		17,421	–	–	17,959	35,380
Acquisition of a subsidiary		–	2,804	–	–	2,804
Dividends declared		–	–	79,589	–	79,589
Total other changes		17,998	22,571	79,589	17,959	138,117
At December 31, 2025		19,569	764,521	–	351	784,441

(d) Total cash out flow for leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	591	298	319
Within financing cash flows	11,334	8,527	9,883
	11,925	8,825	10,202

24 TRADE AND OTHER PAYABLES

The Group

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables				
– Third parties		1,166,405	1,602,279	1,614,657
– Related parties		484	72	4
Bills payable		891,463	671,270	692,745
Subtotal		2,058,352	2,273,621	2,307,406
[**REDACTED**] payables		–	–	[REDACTED]
Accrued expenses and other payables		54,806	89,675	55,376
Financial liabilities measured at amortised cost		2,113,158	2,363,296	2,363,133
Contingent consideration payable	*32*	–	–	27,000
Less: contingent consideration payable due after one year		–	–	(18,900)
Financial liabilities measured at FVPL		–	–	8,100
Accrued payroll and other benefits		77,662	81,862	98,103
Other tax, charges payable and accruals		32,845	30,937	241,228
Less: payable due after one year		(1,225)	(1,193)	(1,497)
		109,282	111,606	337,834
		2,222,440	2,474,902	2,709,067

All trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the transaction date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,029,677	2,241,508	2,263,662
Over 1 year but within 2 years	10,296	14,880	31,560
Over 2 years but within 3 years	3,583	7,807	2,903
Over 3 years	14,796	9,426	9,281
	2,058,352	2,273,621	2,307,406

The Company

	Note	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Trade payables				
– Third parties		199,357	229,096	189,280
– Related parties		9	–	–
– Subsidiaries		99,735	134,888	130,419
Bills payable		231,133	210,528	61,411
Subtotal		530,234	574,512	381,110
[**REDACTED**] payables		–	–	[REDACTED]
Accrued expenses and other payables		136,120	167,577	62,603
Financial liabilities measured at amortised cost		666,354	742,089	444,064
Contingent consideration payable	*32*	–	–	27,000
Less: contingent consideration payable due after one year		–	–	(18,900)
Financial liabilities measured at FVPL		–	–	8,100
Accrued payroll and other benefits		20,852	24,437	36,460
Other tax, charges payable and accruals		10,957	5,498	110,935
Less: payable due after one year		–	–	(365)
		31,809	29,935	147,030
		698,163	772,024	599,194

The amounts due to subsidiaries are unsecured and interest-free.

As of the end of each reporting period, the ageing analysis of trade payables and bills payable (which are included in trade and other payables), based on the transaction date, is as follows:

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	527,178	572,375	378,301
Over 1 year but within 2 years	426	1,333	1,501
Over 2 years but within 3 years	260	63	541
Over 3 years	2,370	741	767
	530,234	574,512	381,110

25 CONTRACT LIABILITIES

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advanced payments received	55,044	37,900	49,314

Movements in contract liabilities

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	28,813	55,044	37,900
Increase in contract liabilities as a result of receiving advance payments during the year	47,449	31,404	46,554
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(21,218)	(48,548)	(35,140)
At the end of the year	55,044	37,900	49,314

26 BANK LOANS

(a) The analysis of the carrying amount of bank loans is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured loans *(Note (i))*	783,857	564,971	454,311
Pledged loans *(Note (ii))*	40,047	–	10,007
Guaranteed loans *(Note (iii))*	298,345	268,296	300,203
Unsecured loans	30,026	30,025	–
	1,152,275	863,292	764,521
Reconciliation to the consolidated statement of financial position:			
Current liabilities	1,017,621	763,203	764,521
Non-current liabilities	134,654	100,089	–
	1,152,275	863,292	764,521

As at December 31, 2023, 2024 and 2025, the annual interest rates of loans borrowings range from 2.41% to 4.00%, 2.07% to 3.20% and 2.11% to 2.60%, respectively.

(i) At the end of each reporting period, the secured loans were secured by the following assets:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amounts of pledged assets:			
Property, plant and equipment	357,441	168,562	64,143
Right-of-use assets	176,581	107,637	34,626
	534,022	276,199	98,769

(ii) As at December 31, 2023, the pledged loan is borrowed from Industrial and Commercial Bank of China with the Company's interests in a subsidiary as collateral. As at December 31, 2025, the pledged loan was borrowed from Bank of Communications with certain trade receivables of RMB10,031,000 as collateral.

(iii) At the end of each reporting period, Shuanglin Group provided guarantees to secure for the Group's banking facilities, and the Company provided guarantees to secure for its subsidiaries' banking facilities, the amounts are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantees provided by:			
Shuanglin Group	1,200,300	1,633,800	1,092,800
The Company (to its subsidiaries)	1,050,860	785,000	655,000

(iv) Some of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics are commonly found in lending arrangements with financial institutions and are tested regularly. If the Group were to breach the covenants the related loans would become repayable on demand. During the Track Record Period, the Group did not breach any covenants and did not identify any difficulties complying with the covenants. Further details of the covenants and the Group's management of liquidity risk are set out in Note 34(b).

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured loans	507,531	494,376	354,246
Guaranteed loans	80,082	100,267	170,121
Unsecured loans	20,017	20,105	–
	607,630	614,748	524,367
Reconciliation to the consolidated statement of financial position:			
Current liabilities	518,030	514,659	524,367
Non-current liabilities	89,600	100,089	–
	607,630	614,748	524,367

(b) The analysis of the repayment schedule of the bank loans is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	1,017,621	763,203	764,521
After 1 year but within 2 years	134,654	100,089	–
After 2 years but within 5 years	–	–	–
	1,152,275	863,292	764,521

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	518,030	514,659	524,367
After 1 year but within 2 years	89,600	100,089	–
	607,630	614,748	524,367

27 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities included in the consolidated statements of financial position			
– Within 1 year	7,911	6,988	9,254
– After 1 year but within 2 years	6,984	4,466	5,368
– After 2 years but within 5 years	58,466	–	4,947
	65,450	4,466	10,315
	73,361	11,454	19,569

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities included in the consolidated statements of financial position			
– Within 1 year	109,423	6,066	3,163
– After 1 year but within 2 years	6,565	4,102	282
– After 2 years but within 5 years	–	–	72
	6,565	4,102	354
	115,988	10,168	3,517

28 DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At January 1,	174,673	158,212	135,516
Government grants received *(Note (i))*	11,289	30,019	49,614
Recognised in the consolidated statements of profit or loss	(27,750)	(52,017)	(34,014)
Government grants returned	–	(698)	(738)
	158,212	135,516	150,378

Note:

(i) Deferred income mainly represents the government grants received from relevant PRC authorities for development and construction of property, plant and equipment or land use rights. The grants are recognised in the consolidated statements of profit or loss and other comprehensive income over the estimated useful lives of the respective assets.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At January 1,	31,327	26,860	23,093
Government grants received	2,000	2,539	139
Recognised in the consolidated statements of profit or loss	(6,467)	(6,306)	(18,512)
	26,860	23,093	4,720

29 PROVISIONS

	Product warranties and claims	Contingencies	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	19,315	7,238	5,325	31,878
Provisions made	46,749	16,786	–	63,535
Provisions utilised	(20,300)	(16,366)	(60)	(36,726)
At December 31, 2023 and January 1, 2024	45,764	7,658	5,265	58,687
Provisions made	40,213	12,571	–	52,784
Provisions utilised	(32,089)	(2,665)	(5,265)	(40,019)
At December 31, 2024 and January 1, 2025	53,888	17,564	–	71,452
Provisions made	32,446	151	–	32,597
Provisions reversed	(26,314)	–	–	(26,314)
Provisions utilised	(29,880)	–	–	(29,880)
At December 31, 2025	30,140	17,715	–	47,855
Representing:				
Current	24,373	7,108	–	31,481
Non-current	5,767	10,607	–	16,374

Note: During the year ended December 31, 2025, the Group revered pre-existing warranty provision of RMB26,314,000, which was primarily due to that the Group entered into a settlement agreement with a customer, pursuant to which, the Group settled certain warranty claims with the customer.

Product warranties and claims

Under the terms of the Group's sales agreements, the Group is responsible for product defects. Upon entering into a sales agreement, management assesses the level of provisions to be made based on the historical occurrences of quality claims and the terms of the agreement.

30 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	(9,881)	(7,149)	(3,470)
Provision for the current income tax *(Note 7(a))*	25,972	23,712	49,292
Acquisition of a subsidiary	–	–	–
Income tax paid for the year	(23,240)	(20,033)	(67,973)
Balance at the end of the year	(7,149)	(3,470)	(22,151)
Representing:			
Current tax payables	1,339	1,868	1,899
Income tax prepayments	(8,488)	(5,338)	(24,050)

(b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Impairment losses	Unrealised profits/losses	Unused tax losses	Government grants	Equity-settled share-based payments	Provisions	Right-of-use assets	Lease liabilities	Fair value adjustment in relation to acquisition of subsidiaries	Depreciation of property, plant and equipment	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*
At January 1, 2023	14,646	1,967	4,093	14,582	583	–	(1,063)	1,088	(11,243)	(20,667)	648	4,634
Credit/(charged) to profit or loss	1,219	(335)	(1,682)	(1,874)	224	214	418	(412)	1,782	2,595	(648)	1,501
At December 31, 2023	15,865	1,632	2,411	12,708	807	214	(645)	676	(9,461)	(18,072)	–	6,135
(Credit)/charged to profit or loss	(5,037)	44	12,015	3,255	2,622	2,252	215	(214)	1,686	(4,144)	–	12,694
Exchange adjustment	–	–	(119)	–	–	–	–	–	–	–	–	(119)
At December 31, 2024	10,828	1,676	14,307	15,963	3,429	2,466	(430)	462	(7,775)	(22,216)	–	18,710
Acquisition of a subsidiary	422	–	–	–	–	–	–	–	(1,976)	–	–	(1,554)
(Credit)/charged to profit or loss	(711)	991	(8,311)	5,322	3,087	193	(718)	1,598	1,766	(2,189)	–	1,028
Exchange adjustment	–	–	43	–	–	22	–	–	–	–	–	65
At December 31, 2025	10,539	2,667	6,039	21,285	6,516	2,681	(1,148)	2,060	(7,985)	(24,405)	–	18,249

(c) Reconciliation to consolidated statements of financial position

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	34,313	49,131	51,787
Net deferred tax liabilities recognised in the consolidated statements of financial position	(28,178)	(30,421)	(33,538)
	6,135	18,710	18,249

(d) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses and temporary differences of RMB1,422,898,000, RMB1,206,291,000 and RMB911,924,000 as at December 31, 2023, 2024 and 2025, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax losses arising from operations in Chinese mainland can be carried forward to offset against taxable profits of subsequent years for up to ten years from the year in which they arose.

The following table presents the Group's unused tax losses at the reporting dates:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unused tax losses	1,027,634	847,634	712,446
Deductible temporary difference	395,264	358,657	199,478
	1,422,898	1,206,291	911,924

31 EQUITY-SETTLED SHARE-BASED PAYMENTS

The Board of the Directors approved three type II restricted share incentive plans in 2022, 2024 and 2025 respectively (the "2022 Restricted Share Incentive Plan", "2024 Restricted Share Incentive Plan" and "2025 Restricted Share Incentive Plan", together the "Share Incentive Plans").

Type II restricted shares refer to the ordinary shares that participants could be subscribed upon the satisfaction of both the performance conditions and service conditions under the Share Incentive Plans. Upon the satisfaction of the performance conditions and service conditions under the Share Incentive Plans, the participants of Type II restricted shares have the right to subscribe ordinary shares which were either newly issued by the Company or repurchased by the Company through its dedicated repurchase account.

(a) The terms and conditions of the restricted share incentive plans are as follows:

	Number of restricted shares	Vesting conditions	Contractual life
Granted to directors:			
– on June 15, 2022	1,050,000	12 months, 24 months and 36 months from the date of grant	3 years
– on April 18, 2023	835,000	12 months and 24 months from the date of grant	2 years
– on July 1, 2024	900,000	12 months, 24 months and 36 months from the date of grant	3 years
Granted to employees:			
– on June 15, 2022	11,000,000	12 months, 24 months and 36 months from the date of grant	3 years
– on April 18, 2023	1,165,000	12 months and 24 months from the date of grant	2 years
– on July 1, 2024	14,430,000	12 months, 24 months and 36 months from the date of grant	3 years
– on June 20, 2025	1,680,000	12 months and 24 months from the date of grant	2 years
– on November 12, 2025	1,550,000	12 months, 24 months and 36 months from the date of grant	3 years
	32,610,000		

(b) The number and weighted average exercise prices of Share Incentive Plans are as follows:

	Year ended December 31,		
	2023	2024	2025
	'000	*'000*	*'000*
Outstanding at the beginning of the year	8,246	5,656	20,665
Effect of share premium converted into share capital *(Note 33(b))*	–	–	7,807
Granted	2,000	15,330	3,230
Exercised	–	–	(15,537)
Forfeited	(4,590)	(321)	(360)
Outstanding at the end of the year	5,656	20,665	15,805
Exercisable at the end of the year	–	–	–

The restricted shares outstanding as at December 31, 2023, 2024 and 2025 had weighted average exercise prices of RMB4.28, RMB4.97 and RMB6.80 respectively and a weighted average remaining contractual life of 0.98 years, 1.14 years and 1.04 years, respectively.

During the year ended December 31, 2025, the weighted average share price at the date of exercise for the restricted shares was RMB44.71.

(c) Fair value of restricted shares

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the restricted shares granted is measured based on a Black-Scholes model. The contractual life of the restricted shares is used as an input into this model.

	Year ended December 31,		
	2023	2024	2025
Fair value of restricted shares and assumptions			
Fair value at measurement date	RMB2.56 to RMB2.29	RMB6.00 to RMB6.15	RMB17.58 to RMB41.56
Share price	RMB7.24	RMB11.24	RMB40.70 to RMB45.20
Exercise price	RMB4.28	RMB5.21	RMB3.58 to RMB23.36
Expected volatility (expressed as weighted average volatility used in the modeling under Black-Scholes model)	22.70% to 23.26%	24.55% to 23.45%	29.24% to 39.52%
Option life (expressed as weighted average life used in the modeling under Black-Scholes model)	2 years	3 years	2 years to 3 years
Expected dividend yield	6.75%	0.95%	0.26%
Risk-free interest rate	1.5% to 2.1%	1.5% to 2.75%	1.5% to 2.75%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

During the years ended December 31, 2023, 2024 and 2025, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income for Share Incentive Plans were RMB4,075,000, RMB38,104,000, and RMB73,958,000, respectively.

32 ACQUISITION

On January 16, 2025 ("the Acquisition Date"), the Company acquired 100% equity interest in Kezhixin from several third parties ("Selling Shareholders of Kezhixin"). Kezhixin is principally engaged in the research and development, manufacturing and sales of grinding equipment, which are used for production of transmission and drive components of the Group.

At the Acquisition Date, the Group paid the first instalment of cash consideration of RMB108,000,000 to the Selling Shareholders of Kezhixin, and the remaining considerations in aggregate of RMB27,000,000 are to be paid from 2026 to 2028 in three tranches, which will be depending on the achievement of the following performance targets:

1) The net profits of Kezhixin for the years ending December 31, 2025, 2026 and 2027 shall be no less than RMB26,000,000, RMB33,800,000 and RMB43,800,000; and

2) The products produced by Kezhixin shall meet certain technical specifications.

Amongst the cash consideration paid, the Selling Shareholders of Kezhixin are obligated to use half of the amounts, i.e. RMB54,000,000, to purchase the Company's A shares in the market according to the Acquisition agreement; however these shares ("Lock-Up Shares") shall be restricted from trading and maintained in designated escrow accounts under the names of the Selling Shareholders of Kezhixin. The restriction from trading would be released by three tranches as long as the above-mentioned performance targets are met and the Selling Shareholders of Kezhixin continue to be in service with Kezhixin during the years from 2025 to 2027 ("Lock-Up Period"). In case where either of performance targets were not met or the Selling Shareholders of Kezhixin's services were terminated during the Lock-Up Period, the Company would receive the performance compensation, up to the total consideration, calculated based on the specified formula as stipulated in the Acquisition agreement, as well as the proceeds from the sale of Lock-Up Shares at amounts exceeding RMB54,000,000.

The fair value of net identifiable assets acquired and the goodwill arising from the transaction at the Acquisition Date are as follows:

	RMB'000
Current assets	35,267
Non-current assets	15,906
Current liabilities	(28,261)
Non-current liabilities	(3,221)
Fair value of net identifiable assets acquired	19,691
Goodwill *(Note 15)*	115,309
Fair value of consideration	135,000
Satisfied by	
Cash consideration paid	108,000
Fair value of contingent consideration	27,000

Analysis of net cash outflow of cash and cash equivalents in respect of acquisition of Kezhixin:

	RMB'000
Cash consideration paid	108,000
Less: cash and cash equivalents acquired	(6,664)
	101,336

Goodwill recognised on the acquisition represents the control premium paid and the benefits of expected synergies, revenue growth, future market development to be achieved from the combination, and the assembled workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

Had the acquisition occurred on January 1, 2025, management estimates that the Group's consolidated revenue and consolidated profit for the year ended December 31, 2025 would have been RMB5,483,698,000 and RMB503,229,000, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the above acquisition would have been the same if the acquisition had occurred on January 1, 2025.

33 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share Capital	Share Premium	Other reserve	Treasury shares	Statutory reserve	Special reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	402,150	1,546,708	560,514	–	138,663	–	112,139	2,760,174
Changes in equity for 2023:								
Profit for the year	–	–	–	–	–	–	76,674	76,674
Equity-settled share-based payments	–	–	4,075	–	–	–	–	4,075
Appropriation to statutory reserves	–	–	–	–	7,667	–	(7,667)	–
Balance at December 31, 2023	402,150	1,546,708	564,589	–	146,330	–	181,146	2,840,923

	Share Capital	Share Premium	Other reserve	Treasury shares	Statutory reserve	Special reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	402,150	1,546,708	564,589	–	146,330	–	181,146	2,840,923
Changes in equity for 2024:								
Profit for the year	–	–	–	–	–	–	132,042	132,042
Cancellation of contingently returnable ordinary shares *(Note 33(b))*	(1,381)	1,381	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	–	(30,021)	–	–	–	(30,021)
Equity-settled share-based payments	–	–	38,104	–	–	–	–	38,104
Appropriation to statutory reserves	–	–	–	–	13,204	–	(13,204)	–
Appropriation of safety production fund	–	–	–	–	–	1,722	–	1,722
Utilisation of safety production fund	–	–	–	–	–	(1,563)	–	(1,563)
Dividends declared in respect of the previous year	–	–	–	–	–	–	(39,671)	(39,671)
Balance at December 31, 2024	400,769	1,548,089	602,693	(30,021)	159,534	159	260,313	2,941,536
Balance at January 1, 2025	400,769	1,548,089	602,693	(30,021)	159,534	159	260,313	2,941,536
Changes in equity for 2025:								
Profit for the year	–	–	–	–	–	–	219,145	219,145
Share premium converted into share capital	159,257	(159,257)	–	–	–	–	–	–
Equity-settled share-based payments	–	–	73,958	–	–	–	–	73,958
Issue of ordinary shares for equity-settled share-based payments	11,957	71,272	(61,552)	30,021	–	–	–	51,698
Appropriation to statutory reserves	–	–	–	–	21,915	–	(21,915)	–
Accrual of safety production fund	–	–	–	–	–	1,950	–	1,950
Utilisation of safety production fund	–	–	–	–	–	(2,094)	–	(2,094)
Dividends declared in respect of the previous year	–	–	–	–	–	–	(79,589)	(79,589)
Others	–	(25)	–	–	–	–	–	(25)
Balance at December 31, 2025	571,983	1,460,079	615,099	–	181,449	15	377,954	3,206,579

(b) Share capital

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Ordinary shares of RMB1 each, issued and fully paid:			
At January 1,	402,150	402,150	400,769
Cancellation of contingently returnable ordinary shares	–	(1,381)	–
Share premium converted into share capital	–	–	159,257
Exercise of equity-settled share-based payments	–	–	11,957
At December 31	402,150	400,769	571,983

On May 6, 2025, the share premium was converted into share capital on the basis of four new shares for every ten shares pursuant to a shareholders' resolution. Consequently, the Company issued 159,257,000 new A shares.

(c) Treasury shares

During the year ended December 31, 2024, the Company repurchased 3,581,003 treasury shares amounting to approximately RMB30,021,000 used for share incentive plan as mentioned in Note 31. During the year ended December 31, 2025, these shares were granted to qualified employees.

(d) Nature and purpose of reserves

(i) Share premium

The share premium mainly represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

During the year ended December 31, 2024, the Group acquired additional equity interests in certain subsidiaries from the respective non-controlling interests and further increased its ownership in these subsidiaries while the Group retains the control. The acquisition of non-controlling interests resulted in a decrease in share premium of RMB20,749,000, being the difference between the cash consideration paid to non-controlling interests and the carrying amount of non-controlling interests acquired on the date of acquisition.

During the year ended December 31, 2024, the Group cancelled 1,380,547 ordinary shares owned by a third party due to the failure to meet the performance target relating to Shuanglin Investment as mentioned in Note 15.

During the year ended December 31, 2025, RMB71,272,000 was recognised in share premium following the exercise of equity-settled share-based payments, among which, RMB61,552,000 was transferred from other reserve to the share premium, and RMB9,720,000 represents the excess of capital injections made by the holders of the share incentive plan over the par value of the underlying shares issued.

(ii) Other reserve

Other reserves of the Group mainly represented:

1) The share-based payment reserve represents the portion of the grant date fair value of the restricted shares of the Company, granted to the employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(r)(ii).

2) Performance compensation of RMB428,490,000 received from the immediate controlling company, Shuanglin Group, during the year ended December 31, 2021, due to the failure to meet the performance target relating to Shuanglin Investment as mentioned in Note 15.

3) Amount of RMB54,359,000 recognised with regard to the disposal of a subsidiary in prior year.

4) Tax benefits of RMB26,541,000 arising from the exercise of equity-settled share-based payments. Tax benefit from intrinsic value of restricted shares vested represents the difference between the actual costs offered by the Group to the employees in relation to equity-settled share-based payments, i.e. the total consideration obtained by the employees via trading the shares in capital market minus the proceeds received by the Group from the employees, and the corresponding differences being deducted in annual tax filing by the Group and recognised in other reserve.

(iii) Statutory reserve

Statutory reserves are established in accordance with the PRC Company Law and the Articles of Association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were required to allocate 10% of their profits after tax until the reserves reach 50% of their respective registered capital.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Special reserve

Special reserve represents the safety production fund accrued according to the article of [2022] No. 136 "The regulation on the accrual and usage of enterprise's safety production fund", issued by the Ministry of Finance and State Administration of Work Safety on 13 December 2022.

The fund is earmarked for improving the safety of production, and are not available for distribution to shareholders.

(e) Dividends

During the years ended December 31, 2024 and 2025, the Company declared dividends of RMB39,671,000 and RMB79,589,000 respectively to its shareholders. No dividends were declared for the year ended December 31, 2023.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the Track Record Period. The Group monitors its capital structure with reference to its current ratio and debt to asset ratio. The Group's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the current ratio and debt to asset ratio at a range considered reasonable. The Group's current ratio, being the Group's total current assets over its total current liabilities, as at December 31, 2023, 2024 and 2025 were 1.1, 1.2 and 1.2, respectively, and the Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at December 31, 2023, 2024 and 2025 were 63.0%, 57.9% and 54.1%, respectively.

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bank deposits with original maturity over three months, restricted cash, bills receivable carried at FVOCI and financial assets at FVPL are limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2023, 2024 and 2025, 17.1%, 12.7% and 6.7% of the total trade receivables was due from the Group's largest customer respectively, and 58.4%, 50.2% and 37.7% of the total trade receivables, respectively, was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. Trade receivables are categorised as follows for assessment purpose:

Group 1 – individual: receivables from the counterparties with significant financial difficulty

Group 2 – collective: other trade receivables

As at December 31, 2023, 2024 and 2025, the gross carrying amount of trade receivables in these categories are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Group 1	34,300	32,682	31,007
Group 2	1,240,431	1,442,488	1,373,402
	1,274,731	1,475,170	1,404,409

The directors of the Company estimate that the credit risk of trade receivables from certain customers are high. The measurement of ECL on those trade receivables with high credit risk are assessed on an individual basis. Full loss allowance were provided for the receivables from the counterparties in Group 1, which is based on the expected recoverable amount.

The loss allowance of Group 2 as at December 31, 2023, 2024 and 2025 was determined as follows:

	As at December 31, 2023		
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 year	1.06%	1,237,796	13,137
Over 1 year	45.35%	2,635	1,195
		1,240,431	14,332

	As at December 31, 2024		
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 year	1.05%	1,441,525	15,169
Over 1 year	23.00%	963	221
		1,442,488	15,390

	As at December 31, 2025		
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
Within 1 year	0.93%	1,366,037	12,743
Over 1 year	26.22%	7,365	1,931
		1,373,402	14,674

Movements in the loss allowance account in respect of trade receivables for the years ended 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	44,761	48,632	48,072
Expected credit losses provided/(reversed)	4,703	2,524	(3,203)
Acquisition of a subsidiary	–	–	812
Amounts written off	(832)	(3,025)	–
Others	–	(59)	–
Balance at the end of the year	48,632	48,072	45,681

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

	December 31, 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables (excluding accrued payroll and other benefits, other tax, charges payable and accruals)	2,113,158	–	–	–	2,113,158	2,113,158
Bank loans	1,034,557	135,859	–	–	1,170,416	1,152,275
Lease liabilities	8,531	7,298	58,563	–	74,392	73,361
	3,156,246	143,157	58,563	–	3,357,966	3,338,794

	December 31, 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables (excluding accrued payroll and other benefits, other tax, charges payable and accruals)	2,363,296	–	–	–	2,363,296	2,363,296
Bank loans	772,561	100,838	–	–	873,399	863,292
Lease liabilities	7,258	4,562	–	–	11,820	11,454
	3,143,115	105,400	–	–	3,248,515	3,238,042

	December 31, 2025 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables (excluding accrued payroll and other benefits, other tax, charges payable and accruals)	2,371,233	8,100	10,800	–	2,390,133	2,390,133
Bank loans	764,521	–	–	–	764,521	764,521
Lease liabilities	9,775	5,620	5,076	–	20,471	19,569
	3,145,529	13,720	15,876	–	3,175,125	3,174,223

(c) Interest rate risk

Interest rate profile

The Group's interest rate risk arises primarily from bank loans and lease liabilities. Bank loans issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The following table details the interest rate profile of the Group's bank loans and lease liabilities at the end of each reporting period:

	Effective Interest rate	As at December 31, 2023
	%	*RMB'000*
Fixed rate borrowings		
– Bank loans	2.41%-4.00%	992,275
– Lease liabilities	3.50%-5.42%	73,361
Subtotal		1,065,636
Variable rate borrowings		
– Bank loans	LPR +0.25%-0.3%	160,000
		1,225,636

	Effective Interest rate	As at December 31, 2024
	%	*RMB'000*
Fixed rate borrowings		
– Bank loans	2.07%-3.20%	863,292
– Lease liabilities	3.45%-4.90%	11,454
		874,746

	Effective Interest rate	As at December 31, 2025
	%	RMB'000
Fixed rate borrowings		
– Bank loans	2.11%-3.20%	764,521
– Lease liabilities	3.45%-4.90%	19,569
		784,090

The Group does not account for any fixed rate financial instruments at fair value through profit or loss. Therefore, a change in interest rate at the end of each reporting period would not affect profit or loss.

Sensitivity analysis:

At each reporting date, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB1,420,000, nil and nil in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are United States Dollar ("USD"), Euro ("EUR"), Australian dollar ("AUD"), French Franc ("FRF") and Schweizer Franken ("CHF").

Exposure to currency risk:

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of each reporting period.

	Exposure to foreign currencies (expressed in RMB'000) December 31, 2023			
	RMB'000	RMB'000	RMB'000	RMB'000
	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net exposure
USD	139,191	98,731	(2,076)	235,846
EUR	4,830	13,082	(140)	17,772
AUD	9,682	795	(654)	9,823
FRF	–	–	(878)	(878)

	Exposure to foreign currencies (expressed in RMB'000) December 31, 2024			
	RMB'000	RMB'000	RMB'000	RMB'000
	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net exposure
USD	228,676	72,106	(3,684)	297,098
EUR	5,634	6,215	(603)	11,246
AUD	1,824	382	(143)	2,063
FRF	–	–	(674)	(674)

	Exposure to foreign currencies (expressed in RMB'000) December 31, 2025			
	RMB'000	RMB'000	RMB'000	RMB'000
	Cash and cash equivalents	Trade and other receivables	Trade and other payables	Net exposure
USD	231,469	80,944	(1,654)	310,759
EUR	7,045	5,334	(17)	12,362
AUD	–	–	(338)	(338)
CHF	–	–	(1,206)	(1,206)

Sensitivity analysis:

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

	For the year ended December 31, 2023			
	Profit after taxation		Retained earnings	
	Strengthening	Weakening	Strengthening	Weakening
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD (5% movement)	9,381	(9,381)	9,381	(9,381)
EUR (5% movement)	696	(696)	696	(696)
AUD (5% movement)	342	(342)	342	(342)
FRF (5% movement)	(35)	35	(35)	35

	For the year ended December 31, 2024			
	Profit after taxation		Retained earnings	
	Strengthening	Weakening	Strengthening	Weakening
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD (5% movement)	11,744	(11,744)	11,744	(11,744)
EUR (5% movement)	460	(460)	460	(460)
AUD (5% movement)	72	(72)	72	(72)
FRF (5% movement)	(25)	25	(25)	25

	For the year ended December 31, 2025			
	Profit after taxation		Retained earnings	
	Strengthening	Weakening	Strengthening	Weakening
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD (5% movement)	11,755	(11,755)	11,755	(11,755)
EUR (5% movement)	505	(505)	505	(505)
AUD (5% movement)	13	(13)	13	(13)
CHF (5% movement)	45	(45)	45	(45)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies.

(e) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3: Fair value measured using significant unobservable inputs

	Fair value at December 31,	Fair value measurements as at December 31, 2023 categorised into		
		Quoted prices in active market for identical assets	Significant other observable inputs	Significant unobservable inputs
	2023	(Level 1)	(Level 2)	(Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial asset at FVPL:				
– wealth management products	–	–	–	–
Financial asset at FVOCI:				
– Bank acceptance notes receivable, carried at FVOCI	829,414	–	–	829,414

	Fair value at December 31,	Fair value measurements as at December 31, 2024 categorised into		
		Quoted prices in active market for identical assets	Significant other observable inputs	Significant unobservable inputs
	2024	(Level 1)	(Level 2)	(Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial asset at FVPL:				
– wealth management products	10,876	–	–	10,876
Financial asset at FVOCI:				
– Bank acceptance notes receivable, carried at FVOCI	817,451	–	–	817,451

	Fair value at December 31,	Fair value measurements as at December 31, 2025 categorised into		
		Quoted prices in active market for identical assets	Significant other observable inputs	Significant unobservable inputs
	2025	(Level 1)	(Level 2)	(Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial asset at FVOCI:				
– Bank acceptance notes receivable, carried at FVOCI	1,046,087	–	–	1,046,087
Financial liabilities at FVPL				
– Contingent consideration payable	(27,000)	–	–	(27,000)

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

Information about Level 3 fair value measurements

The fair value of wealth management products, bills receivables measured at FVOCI and contingent consideration payable measured at FVPL are calculated by discounting the expected future cash flows. The fair value measurement is negatively correlated to discount rate. The discount rate is determined according to market expected return rate.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of material financial assets and the sensitivity analysis of fair value to the inputs:

	Fair value As at December 31,			Valuation technique	Significant unobservable inputs	Sensitivity of fair value to the inputs
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
Bank acceptance notes receivable, carried at FVOCI	829,414	817,451	1,046,087	Discount cash flow model	Discount rate	The higher the discount rate, the lower the fair value of the investment, and vice versa
Contingent consideration payable	–	–	27,000	Discount cash flow model	Weighted probability to achieve performance target	The higher the weighted probability to achieve performance target, the higher the fair value of the investment, and vice versa
					Discount rate	The higher the discount rate, the lower the fair value of the investment, and vice versa

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair value as at December 31, 2023, 2024 and 2025.

35 COMMITMENTS

Capital commitments of the Group outstanding at December 31, 2023, 2024 and 2025 provided for in the financial statements were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Authorised but not contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	49,640	39,085	136,247
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	64,857	45,434	115,698
	114,497	84,519	251,945

36 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Shuanglin Group (寧波雙林集團股份有限公司)	Immediate controlling company
Shandong Deyang Electronic Technology Co., Ltd. (山東德洋電子科技有限公司)	Under common control of ultimate controlling party
Ningbo Shuanglin Electronics Co., Ltd. (寧波雙林電子有限公司)	Under common control of ultimate controlling party
Suzhou Shuanglin Plastic Electronics Co., Ltd. (蘇州雙林塑膠電子有限公司)	Under common control of ultimate controlling party
Ninghai Tianmingshan Hot Spring Hotel Co., Ltd. (寧海天明山溫泉大酒店有限公司)	Under common control of ultimate controlling party
Ninghai Forest Hot Spring Resort Co., Ltd. (寧海森林溫泉度假村有限公司)	Under common control of ultimate controlling party
Ninghai Shuanglin Vocational School (寧海雙林職業學校)	Under common control of ultimate controlling party

Name of related party	Nature of relationship
Shanghai Quanmu Information Technology Co., Ltd. (上海泉沐信息技術有限公司)	Under common control of ultimate controlling party
Shanghai Zhibo Information Technology Co., Ltd. (上海炙播信息科技有限公司)	Under common control of ultimate controlling party

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term employee benefits	7,908	7,987	13,452
Contributions to defined contribution retirement plan	301	385	495
Equity-settled share-based payment expenses	(728)	4,371	13,746
	7,481	12,743	27,693

(c) Related party transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had following material transactions with related parties:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods/receiving of services			
Under common control of ultimate controlling party	4,915	7,093	5,898
Sales of goods/rendering of services			
Under common control of ultimate controlling party	32,053	73,439	43,920
Leases			
The Group as the lessee:	8,778	5,846	5,738
Guarantees issued by a related party (Note ii)			
Ultimate controlling party	1,200,300	1,633,800	1,092,800

(d) Balances with related parties

As at December 31, 2023, 2024 and 2025, the Group had the following balances with related parties:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature:			
Trade receivables	2,682	1,017	11,304
Trade payables	484	72	4
Contract liabilities	7,100	3,196	9,233
Non-trade in nature *(Note ii)*:			
Other receivables *(Note i)*	22,046	18,756	–
Other payables	923	–	–
Lease liabilities (including lease liabilities within one year)	15,589	8,759	4,466

Notes:

(i) As at December 31, 2023 and 2024, expected credit losses of RMB22,046,000 and RMB18,756,000 have been made for the amount due from Shandong Deyang Electronic Technology Co., Ltd., respectively.

(ii) The guarantees issued by a related party and lease liabilities, which are non-trade in nature, are not expected to be released or settled prior to the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Group to be Ningbo Shuanglin Group Co., Ltd. (寧波雙林集團股份有限公司) and ultimate controlling party of the Group to be Mr. Wu Jianbin (鄔建斌), the chairman of the board and legal representative of the Company, Mrs. Wu Weijing (鄔維靜, sister of Mr. Wu Jianbin), the director of the Company, and Mrs. Wu Xiaojing (鄔曉靜, sister of Mr. Wu Jianbin), who have acted and will continue to act in concert with each other in the decision-making of the Group, pursuant to the concert party agreement entered into among Mr. Wu Jianbin, Mrs. Wu Weijing and Mrs. Wu Xiaojing.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of Historical Financial Information, the IASB has issued a number of amendments, and new standard and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

39 SUBSEQUENT EVENTS

(a) Final dividend for the year ended December 31, 2025

Subsequent to the end of the reporting period, the directors of the Company proposed a final dividend for the year ended December 31, 2025 of RMB0.10 per ordinary share to the shareholders with total amount of RMB57,198,294. The proposed final dividend is subject to approval by the shareholders in the following general meeting.

SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company or any of its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2025.