
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[•], received from the Company’s reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NINGBO TUOPU GROUP CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND UBS SECURITIES HONG KONG LIMITED

Introduction

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

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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APPENDIX I**ACCOUNTANTS’ REPORT**

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 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 set out in Note 2 to the Historical Financial Information.

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

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

Dividends

We refer to Note 46 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

BDO Limited

Certified Public Accountants

[•]

Practising Certificate no. [•]

Hong Kong

Date

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APPENDIX I

ACCOUNTANTS’ REPORT

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

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

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	7	19,700,561	26,600,328	29,581,459
Cost of sales		<u>(15,402,886)</u>	<u>(21,308,301)</u>	<u>(24,090,644)</u>
Gross profit		4,297,675	5,292,027	5,490,815
Other income	10	219,279	407,860	306,343
Other gains/(losses), net	11	92,933	69,668	9,646
Impairment losses under expected credit loss (“ECL”) model, net of reversal	12	(196,691)	(79,777)	(28,435)
Selling expenses		(232,583)	(274,040)	(276,659)
Administrative expenses		(548,093)	(626,470)	(775,814)
Research and development expenses	8	<u>(986,403)</u>	<u>(1,224,243)</u>	<u>(1,496,041)</u>
Operating profit		2,646,117	3,565,025	3,229,855
Finance income	13	46,325	48,351	38,072
Finance cost	13	<u>(228,089)</u>	<u>(237,973)</u>	<u>(159,850)</u>
Finance costs—net	13	<u>(181,764)</u>	<u>(189,622)</u>	<u>(121,778)</u>
Share of net (loss)/profit of joint ventures	17	<u>(2,063)</u>	<u>45,857</u>	<u>43,522</u>
Profit before income tax	8	<u>2,462,290</u>	<u>3,421,260</u>	<u>3,151,599</u>
Income tax expense	14	<u>(312,274)</u>	<u>(417,573)</u>	<u>(368,933)</u>
Profit for the year		<u><u>2,150,016</u></u>	<u><u>3,003,687</u></u>	<u><u>2,782,666</u></u>
Other comprehensive income for the year				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		<u>14,089</u>	<u>(86,701)</u>	<u>144,944</u>
Other comprehensive income for the year, net of tax		<u>14,089</u>	<u>(86,701)</u>	<u>144,944</u>
Total comprehensive income for the year		<u><u>2,164,105</u></u>	<u><u>2,916,986</u></u>	<u><u>2,927,610</u></u>

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APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Profit for the year attributable to:				
Owners of the Company		2,150,642	3,000,606	2,779,071
Non-controlling interests		<u>(626)</u>	<u>3,081</u>	<u>3,595</u>
		<u>2,150,016</u>	<u>3,003,687</u>	<u>2,782,666</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		2,164,707	2,913,919	2,924,034
Non-controlling interests		<u>(602)</u>	<u>3,067</u>	<u>3,576</u>
		<u>2,164,105</u>	<u>2,916,986</u>	<u>2,927,610</u>
Earnings per share attributable to owners of the Company (in RMB)				
Basic (RMB per share)	15	1.35	1.79	1.61
Diluted (RMB per share)	15	<u>1.35</u>	<u>1.78</u>	<u>1.61</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	18	14,687,045	16,178,810	17,286,056
Investment properties	19	22,979	20,832	18,685
Right-of-use assets	20	1,635,161	1,797,141	1,941,995
Intangible assets	22	95,604	106,638	138,625
Goodwill	21	203,183	202,103	340,475
Prepayments	27	292,058	219,275	347,742
Investment in joint ventures	17	139,642	96,733	105,255
Financial assets at fair value through profit or loss (“FVTPL”)	26	—	—	50,000
Deferred tax assets	23	202,239	239,127	261,154
Total non-current assets		<u>17,277,911</u>	<u>18,860,659</u>	<u>20,489,987</u>
Current assets				
Inventories	24	3,244,842	4,000,058	4,716,827
Trade receivables	28	5,006,715	6,425,589	7,325,793
Note receivables	29	1,593,964	2,684,456	4,844,717
Prepayments, deposits and other receivables	27	480,370	523,282	933,013
Financial assets at FVTPL	26	300,872	1,050,000	400,000
Current tax assets		9,730	12,062	4,453
Restricted bank deposits	30	541,429	45,499	518,558
Cash and cash equivalents	30	2,313,938	3,942,267	4,701,248
Total current assets		<u>13,491,860</u>	<u>18,683,213</u>	<u>23,444,609</u>
Total assets		<u>30,769,771</u>	<u>37,543,872</u>	<u>43,934,596</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
LIABILITIES				
Current liabilities				
Trade payables	31	4,066,373	5,136,288	6,654,985
Note payables	32	2,855,691	3,198,453	5,716,338
Other payables and accruals	33	1,863,473	1,581,636	1,578,275
Contract liabilities	7	20,090	24,262	21,061
Borrowings	34	2,239,051	2,846,277	4,417,572
Convertible bonds	35	4,684	7,053	—
Lease liabilities	20	46,283	82,267	116,346
Current tax liabilities		128,230	162,297	138,238
Total current liabilities		11,223,875	13,038,533	18,642,815
Net current assets		2,267,985	5,644,680	4,801,794
Total assets less current liabilities		19,545,896	24,505,339	25,291,781
Non-current liabilities				
Borrowings	34	2,506,124	1,448,871	225,116
Convertible bonds	35	2,436,329	2,513,474	—
Lease liabilities	20	298,079	486,055	442,456
Deferred income	36	424,223	408,021	422,913
Deferred tax liabilities	23	66,838	65,663	66,742
Total non-current liabilities		5,731,593	4,922,084	1,157,227
Total liabilities		16,955,468	17,960,617	19,800,042
Net assets		13,814,303	19,583,255	24,134,554
EQUITY				
Share capital	37	1,102,050	1,686,026	1,737,836
Reserves	38	12,682,330	17,864,239	22,360,152
Equity attributable to owners of the Company		13,784,380	19,550,265	24,097,988
Non-controlling interests		29,923	32,990	36,566
Total equity		13,814,303	19,583,255	24,134,554

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	18	2,699,495	2,669,426	2,654,682
Investment properties	19	22,979	20,832	18,685
Right-of-use assets	20	209,442	204,676	199,909
Intangible assets	22	81,037	85,602	93,025
Prepayments	27	47,859	42,224	42,485
Investment in joint ventures	17	139,642	96,733	105,255
Investment in subsidiaries	16	12,385,367	15,197,880	17,032,046
Financial assets at FVTPL	26	—	—	50,000
Deferred tax assets	23	—	—	12,727
Total non-current assets		<u>15,585,821</u>	<u>18,317,373</u>	<u>20,208,814</u>
Current assets				
Inventories	24	748,720	788,511	811,799
Trade receivables	28	1,991,981	2,689,653	2,751,660
Note receivables	29	6,021	232	—
Prepayments, deposits and other receivables	27	357,648	171,836	322,296
Financial assets at FVTPL	26	300,000	1,050,000	400,000
Restricted bank deposits	30	18,556	19,650	7,740
Cash and cash equivalents	30	<u>600,119</u>	<u>1,487,368</u>	<u>1,149,615</u>
Total current assets		<u>4,023,045</u>	<u>6,207,250</u>	<u>5,443,110</u>
Total assets		<u><u>19,608,866</u></u>	<u><u>24,524,623</u></u>	<u><u>25,651,924</u></u>

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APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
LIABILITIES				
Current liabilities				
Trade payables	31	1,552,594	2,013,272	2,334,239
Note payables	32	575,433	760,519	665,379
Other payables and accruals	33	283,538	349,845	401,584
Contract liabilities	7	1,606	1,243	2,756
Borrowings	34	1,341,682	2,248,561	2,810,479
Convertible bonds	35	4,684	7,053	—
Current tax liabilities		<u>31,330</u>	<u>48,049</u>	<u>37,669</u>
Total current liabilities		<u>3,790,867</u>	<u>5,428,542</u>	<u>6,252,106</u>
Net current assets/(liabilities)		<u>232,178</u>	<u>778,708</u>	<u>(808,996)</u>
Total assets less current liabilities		<u>15,817,999</u>	<u>19,096,081</u>	<u>19,399,818</u>
Non-current liabilities				
Borrowings	34	1,970,000	1,197,500	200,000
Convertible bonds	35	2,436,329	2,513,474	—
Deferred income	36	117,125	106,396	121,149
Deferred tax liabilities	23	<u>19,779</u>	<u>924</u>	<u>—</u>
Total non-current liabilities		<u>4,543,233</u>	<u>3,818,294</u>	<u>321,149</u>
Total liabilities		<u>8,334,100</u>	<u>9,246,836</u>	<u>6,573,255</u>
Net assets		<u>11,274,766</u>	<u>15,277,787</u>	<u>19,078,669</u>
EQUITY				
Share capital	37	1,102,050	1,686,026	1,737,836
Reserves	38	<u>10,172,716</u>	<u>13,591,761</u>	<u>17,340,833</u>
Total equity		<u>11,274,766</u>	<u>15,277,787</u>	<u>19,078,669</u>

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APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Conversion option of convertible bonds	Capital reserve	Translation reserve	Statutory reserve	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,102,047	143,214	5,340,799	(21,344)	631,485	4,933,500	12,129,701	30,525	12,160,226
Profit for the year	—	—	—	—	—	2,150,642	2,150,642	(626)	2,150,016
Other comprehensive income for the year, net of tax	—	—	—	14,065	—	—	14,065	24	14,089
Total comprehensive income for the year	—	—	—	14,065	—	2,150,642	2,164,707	(602)	2,164,105
Exercise of conversion option of convertible bonds	3	(13)	230	—	—	—	220	—	220
Appropriation to statutory reserve	—	—	—	—	75,459	(75,459)	—	—	—
Dividends (Note 46(b))	—	—	—	—	—	(510,248)	(510,248)	—	(510,248)
As at 31 December 2023	<u>1,102,050</u>	<u>143,201</u>	<u>5,341,029</u>	<u>(7,279)</u>	<u>706,944</u>	<u>6,498,435</u>	<u>13,784,380</u>	<u>29,923</u>	<u>13,814,303</u>
As at 1 January 2024	1,102,050	143,201	5,341,029	(7,279)	706,944	6,498,435	13,784,380	29,923	13,814,303
Profit for the year	—	—	—	—	—	3,000,606	3,000,606	3,081	3,003,687
Other comprehensive income for the year, net of tax	—	—	—	(86,687)	—	—	(86,687)	(14)	(86,701)
Total comprehensive income for the year	—	—	—	(86,687)	—	3,000,606	2,913,919	3,067	2,916,986
Issue of new shares by private placement	60,726	—	3,437,712	—	—	—	3,498,438	—	3,498,438
Exercise of conversion option of convertible bonds	1	(2)	32	—	—	—	31	—	31
Conversion of capital reserve into share capital	523,249	—	(523,249)	—	—	—	—	—	—
Appropriation to statutory reserve	—	—	—	—	115,106	(115,106)	—	—	—
Dividends (Note 46(b))	—	—	—	—	—	(646,503)	(646,503)	—	(646,503)
As at 31 December 2024	<u>1,686,026</u>	<u>143,199</u>	<u>8,255,524</u>	<u>(93,966)</u>	<u>822,050</u>	<u>8,737,432</u>	<u>19,550,265</u>	<u>32,990</u>	<u>19,583,255</u>
As at 1 January 2025	1,686,026	143,199	8,255,524	(93,966)	822,050	8,737,432	19,550,265	32,990	19,583,255
Profit for the year	—	—	—	—	—	2,779,071	2,779,071	3,595	2,782,666
Other comprehensive income for the year, net of tax	—	—	—	144,963	—	—	144,963	(19)	144,944
Total comprehensive income for the year	—	—	—	144,963	—	2,779,071	2,924,034	3,576	2,927,610
Exercise of conversion option of convertible bonds	51,810	(143,199)	2,617,015	—	—	—	2,525,626	—	2,525,626
Appropriation to statutory reserve	—	—	—	—	217,719	(217,719)	—	—	—
Dividends (Note 46(b))	—	—	—	—	—	(901,937)	(901,937)	—	(901,937)
As at 31 December 2025	<u>1,737,836</u>	<u>—</u>	<u>10,872,539</u>	<u>50,997</u>	<u>1,039,769</u>	<u>10,396,847</u>	<u>24,097,988</u>	<u>36,566</u>	<u>24,134,554</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax		2,462,290	3,421,260	3,151,599
Adjustments for:				
Write-down of inventories	8	65,402	58,259	68,446
Depreciation of property, plant and equipment	8	1,181,251	1,574,415	1,924,020
Depreciation of investment properties	8	2,147	2,147	2,147
Depreciation of right-of-use assets	8	64,572	109,426	147,769
Amortisation of intangible assets	8	14,954	18,235	25,093
Impairment loss on goodwill	11	6,059	1,080	31,702
Loss on disposal of/written off of property, plant and equipment and intangible assets, net	11	8,196	20,634	3,193
Gain on early termination of leases	11	—	(774)	—
Gain on bargain purchase	11	—	(21,902)	—
Investment income from structured deposits	11	(6,033)	(38,441)	(25,061)
Change in fair value of financial assets at FVTPL	11	83	(1,084)	—
Exchange gains, net	11	(100,388)	(29,541)	(20,178)
Provision/(reversal) of impairment under ECL model, net	12	196,691	79,777	28,435
Net finance costs	13	181,764	189,622	121,778
Share of net loss/(profit) of joint ventures	17	2,063	(45,857)	(43,522)
Operating cash flow before movements in working capital		<u>4,079,051</u>	<u>5,337,256</u>	<u>5,415,421</u>
Increase in inventories		(54,383)	(789,307)	(729,865)
Increase in trade receivables		(800,032)	(1,393,810)	(696,553)
Increase in note receivables		(413,320)	(1,698,118)	(2,291,463)
Decrease in prepayments, deposits and other receivables		70,574	66,900	31,647
(Increase)/decrease in restricted bank deposits		(160,783)	495,930	(473,059)
Increase in trade payables		587,472	1,053,293	1,220,185
(Decrease)/increase in notes payables		(130,992)	342,762	2,507,885
Increase/(decrease) in other payables and accruals		418,722	208,743	(139,554)
(Decrease)/increase in contract liabilities		(1,963)	4,172	(3,201)
Increase/(decrease) in deferred income		<u>57,069</u>	<u>(16,202)</u>	<u>13,627</u>
Cash generated from operations		<u>3,651,415</u>	<u>3,611,619</u>	<u>4,855,070</u>
Income taxes paid		(332,111)	(423,901)	(411,051)
Interest received		<u>46,325</u>	<u>48,351</u>	<u>38,072</u>
Net cash generated from operating activities		<u>3,365,629</u>	<u>3,236,069</u>	<u>4,482,091</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of structured deposits		(1,310,000)	(4,495,000)	(2,100,000)
Proceeds from disposal of structured deposits		1,010,000	3,745,000	2,750,000
Proceeds from disposal of listed equity investment		—	1,956	—
Investment income received from structured deposits		6,033	38,441	25,061
Investment in unlisted equity investment		—	—	(50,000)
Payments for property, plant and equipment		(2,973,175)	(3,110,646)	(3,277,440)
Payments for intangible assets		(32,685)	(28,874)	(33,802)
Payments for right-of-use assets		(171,058)	(6,342)	(185,935)
Proceeds from disposals of property, plant and equipment, intangible assets and right-of-use assets		19,711	50,606	112,414
Deposits received		40,915	25,766	—
Deposits paid		—	(5,000)	—
Dividend received from joint ventures	17	—	50,000	35,000
Acquisition of subsidiaries, net of cash acquired	42	—	6,330	(290,348)
Net cash used in investing activities		<u>(3,410,259)</u>	<u>(3,727,763)</u>	<u>(3,015,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Gross proceeds from issuance of shares		—	3,514,827	—
Payments for transaction costs from issuance of shares		—	(16,389)	—
Proceeds from bank borrowings	41	3,565,013	2,842,500	3,344,057
Repayments of bank borrowings	41	(2,945,261)	(3,295,036)	(3,100,360)
Repurchase of convertible bonds	41	—	—	(9,756)
Interest paid	41	(137,917)	(132,286)	(114,159)
Principal portion of lease liabilities	41	(37,808)	(61,202)	(113,346)
Interest portion of lease liabilities	41	(5,207)	(18,713)	(23,982)
Dividends paid	46(b)	(510,248)	(646,503)	(901,937)
Net cash (used in)/generated from financing activities		<u>(71,428)</u>	<u>2,187,198</u>	<u>(919,483)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(116,058)</u>	<u>1,695,504</u>	<u>547,558</u>
Cash and cash equivalents at the beginning of the year		2,410,213	2,313,938	3,942,267
Effect of foreign exchange rate changes on cash and cash equivalents, net		<u>19,783</u>	<u>(67,175)</u>	<u>211,423</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>2,313,938</u></u>	<u><u>3,942,267</u></u>	<u><u>4,701,248</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Ningbo Tuopu Group Co., Ltd. (“**the Company**”) was established in the People’s Republic of China (the “**PRC**”) in 2004. The Company was subsequently listed on the Shanghai Stock Exchange in March 2015.

The address of the Company’s registered office and principal place of business is located at 268 Yuwangshan Rd, Daqi Street, Beilun District, Ningbo, Zhejiang, the PRC.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in the research and development, manufacturing and sales of automotive products. Particulars of the subsidiaries are disclosed in Note 16.

The directors of the Company consider the immediate holding company and the ultimate holding company of the Company to be Mecca International Holding (HK) Limited, a limited liability company incorporated in Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Wu Jianshu (“**Mr. Wu JS**”).

2 BASIS OF PREPARATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards (“**IFRS**”), International Accounting Standards (“**IAS**”) and Interpretations issued by International Accounting Standards Board (“**IASB**”). In addition, the Historical Financial Information also complies with the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The IASB has issued a number of standards and amendments to standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all IFRS Accounting Standards that are effective for the year ended 31 December 2025.

The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC. The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board.

Accounting policies set out below has been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income (“**FVOCI**”) and financial assets at FVTPL, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

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

APPENDIX I

ACCOUNTANTS’ REPORT

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE NEW STANDARDS, INTERPRETATION AND AMENDMENTS

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

The Group plans to adopt these new standards, amendments to standards and interpretations when they become effective:

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

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

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

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

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

4. ACCOUNTING POLICIES

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries and the Group’s interest in joint ventures. Control is achieved when the Company:

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

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

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

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

APPENDIX I

ACCOUNTANTS’ REPORT

In the Company’s statement of financial position, investment in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.2 Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

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

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

4.3 Investment in joint ventures

Investment in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated statements of financial position.

Under the equity method of accounting, investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group’s share of losses exceeds its interest in the joint venture, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

APPENDIX I

ACCOUNTANTS’ REPORT

The carrying amount of joint venture is tested for impairment in accordance with the policy described in Note 4.5.

The Company’s investment in joint venture are accounted for in the financial statements using the equity method.

4.4 Goodwill

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units (“CGU”) that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets on pro-rata basis over the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset’s carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.5 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- investment properties measured using the cost model;
- intangible assets;
- goodwill;
- investment in joint ventures; and
- interests in subsidiaries in the Company’s statement of financial position

Intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired.

If the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses (other than goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, 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.

4.6 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the buildings could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment, other than construction in progress, are stated at acquisition cost less accumulated depreciation and any identified impairment.

Construction in progress, which mainly represents properties under construction and machinery and equipment pending installation, is stated at cost less any impairment losses. Construction in progress is reclassified to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

APPENDIX I

ACCOUNTANTS’ REPORT

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

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

Buildings	Shorter of the remaining term of the related lease or 20 years
Machinery and equipment	5–10 years
Transportation vehicles	5 years
Office equipment and others	5 years
Other buildings (<i>Note</i>)	Shorter of the remaining term of the related lease or 40 years
Photovoltaic system	20 years
Leasehold improvements	Shorter of the remaining term of the related lease or 5 years
Fixtures and fittings	3–5 years

Note: Other buildings represented properties with building ownerships certificate of commercial use in the PRC.

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

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for currently undetermined future use and property that is being constructed or developed for future use as investment properties.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss arising from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 4.8.

Depreciation is calculated to write off the cost of investment properties, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold land	Over the period of leases
Buildings	20 years

Transfers to investment properties shall be made when there is a change in use, evidenced by end of owner-occupation, for a transfer from owner-occupied property to investment property. Since the Group uses the cost model, transfers between investment properties and owner-occupied properties do not change the carrying amount of the property transferred and they do not change the cost of those properties for measurement or disclosure purposes.

4.8 Leases

The Group as lessee

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

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

Right-of-use asset

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

APPENDIX I

ACCOUNTANTS’ REPORT

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under IAS 40 and are carried at cost less accumulated depreciation and accumulated impairment losses.

Lease liability

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

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

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

Lease modifications

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

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

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

The Group as lessor

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

4.9 Intangible assets

(a) Software and emission rights

Acquired software and emission rights acquired separately are initially capitalised on the basis of the costs incurred to acquire and bring into use. Software and emission rights are stated at historical cost less accumulated amortisation and impairment losses, if any.

Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives, as follows:

Software	2–10 years
Emission rights	5 years

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

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Patents and trademark

Patents and trademark acquired as part of a business combination are initially recognised as intangible assets at fair value at the date of acquisition which is regarded as their cost. They are subsequently carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method over their estimated useful lives of 10 years. The estimation is made considering the duration of the patent right and trademark and the period over which the Group expects to use the asset.

(c) Research and development

The expenditure on an internal research and development project is classified into expenditure in the research phase and expenditure in the development phase. Expenditure on research phases is recognised as an expense in the period in which it is incurred. Expenditure on development phase is capitalised and recognised as intangible assets if all the following can be demonstrated:

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

Development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

4.10 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

(a) Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in “Finance income” using the effective interest method. Foreign exchange gains and losses are included in “Other gains/(losses), net”. Any gain or loss arising on derecognition and impairment losses are presented as separate line items in the consolidated statements of profit or loss and other comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are included in “Other gains/(losses), net” and impairment expenses are presented as separate line item in the consolidated statements of profit or loss and other comprehensive income.

APPENDIX I

ACCOUNTANTS’ REPORT

- FVTPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

(b) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(c) Impairment

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

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

The Group measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix and individually for credit-impaired receivable based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

(i) Significant increase in credit risk

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

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account, except for debt instruments measured at FVOCI where the loss allowance is recognised in other comprehensive income without reducing the carrying amount of these debt instruments.

(ii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, note payables, other payables and accruals and borrowings issued by the Group are subsequently measured at amortised cost, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

APPENDIX I

ACCOUNTANTS’ REPORT

Convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds denominated in RMB that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest is recognised in accordance with Note 4.20. The equity component is not remeasured and is recognised in reserve until the bonds are converted into ordinary shares, in which case, the balance will be transferred into capital reserve.

If the bonds are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and reserve as consideration for the shares issued.

(iii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(iv) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group shall continue to recognise the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group’s continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity’s continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.11 Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sales or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried 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. In the case of work in progress, costs include direct labour and appropriate share of overheads based on normal operating capacity.

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.

APPENDIX I

ACCOUNTANTS’ REPORT

4.12 Revenue recognition

Sales of products

The Group manufactures and sells automotive products to customers.

The sales generally involve a single performance obligation to deliver goods pursuant to customer purchase orders. For most contracts, there is a fixed unit price for each product sold. Where a customer orders more than one product type, the Group allocates the contract price to each product type by reference to each product’s standalone selling price.

The Group has determined that the performance obligations are satisfied at a point in time when the control of the goods is transferred to the customer. The majority of sales are free carrier (“FCA”) for local sales, and delivery duty paid (“DDP”) or delivered at place (“DAP”) for export sales. Revenue is recognised upon arrival at the customer’s designated location, and the goods have either been accepted by the customers or there is objective evidence that the goods provided meet the required specification. At this point of time, the Group does not have physical possession of the asset but has a present right to payment; and the customer has legal title, and the significant risks and rewards of ownership of the asset and is able to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Shipping and handling activities performed prior to the customer obtaining control of the goods are accounted for as fulfilment activities and are not a promised good or service. Shipping and handling costs, associated with the distribution of the goods to the customers, are recognised in cost of sales when control of the goods is transferred to the customer. For contract with some of the customers, the Group can require the customer the return of the products or transfer it to another third party, and the customer does not have an unconditional obligation to pay for the products until the customer remove the products from their warehouse for production or other use. Revenue is recognised by the Group until that point of time, as that is when the transfer of control typically occurs.

Customers are either required to provide upfront payments to the Group to secure an order, or are required to pay when the control of the promised goods is transferred, usually payable within 90 days. A contract liability is recognised when the Group receives consideration in advance of transferring control of the promised goods. A receivable is recognised when the control of the promised goods has been transferred to the customers, but the Group has not received consideration in advance, as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The credit period granted to customers by the Group is determined based on their credit risk characteristics. Generally, the Group does not have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, there is no significant financing component and the transaction price is not adjusted for the time value of money.

Some of the goods sold by the Group include warranties which require the Group to either replace or repair a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. These warranties cannot be purchased separately and serve as an assurance that the goods sold comply with agreed-upon specifications. Such warranties are not accounted for as separate performance obligations and hence no consideration is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with note 4.18 but is estimated to be immaterial.

The Group also allows certain customers a right to return the goods for a full refund if they have quality issue and this give rise to variable consideration. In estimating the variable consideration, the Group uses an expected value approach to estimates these returns, given the large number of customer contracts that have similar characteristics. Before including any amount of variable consideration in the transaction price, the Group also considers whether the amount of variable consideration is constrained. The Group estimates the amount of returns are immaterial based on its specified terms of the contracts, accumulated experience with customers and historical data on returns for specific products.

Contract liabilities

Contract liabilities arise when the Group receives consideration in advance of providing the services or products promised in the contract.

4.13 Interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments when the asset is not credit-impaired. For debt instruments that have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset.

4.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

APPENDIX I

ACCOUNTANTS’ REPORT

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed or deducted from the related expense. Where the grant relates to an asset, it is credited to a deferred income and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

4.15 Employee benefits

(a) *Short-term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. Short term employee benefits are recognised in the period when the employees render the related service.

(b) *Defined contribution plans*

Social insurances

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing funds and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable by the Group.

4.16 Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets may also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences (provided they are not part of a business combination), and temporary differences relating to investment in subsidiaries and joint ventures to the extent that, in the case of taxable temporary differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, and it is not probable that they will reverse in the future.

The amount of deferred tax recognised is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

APPENDIX I

ACCOUNTANTS’ REPORT

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - o the same taxable entity; or
 - o different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

4.17 Foreign currency translation

The functional currency of majority of the entities within the Group is RMB, which is the currency of the primary economic environment in which most of the Group’s entities operate. The Group adopted RMB as its presentation currency in the preparation of the consolidated financial statements, which is also the functional currency of the Company.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of overseas entities are translated into RMB at the exchange rates approximating the foreign exchange rate ruling at the dates of transactions. Assets and liabilities are translated into RMB at the exchange rates ruling at the balance sheet date. The resulting currency translation differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. On disposal of an overseas entity, the cumulative amount of the currency translation differences relating to that particular foreign operation is reclassified from equity to profit or loss.

4.18 Provisions and contingent liabilities

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

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

4.19 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short term highly liquid investments that are readily convertible into known amounts of cash, that are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

4.20 Borrowings 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.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

APPENDIX I

ACCOUNTANTS’ REPORT

5 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(a) Provision of ECL for debt instruments at amortised cost and at FVOCI

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

The provision of ECL is sensitive to changes in estimates. For details of the key assumptions and inputs used are set out in Note 39.1(b). Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(b) Impairment of non-financial assets (other than goodwill)

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

(c) Impairment of goodwill

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

(d) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value as stated in Note 4.11. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period.

(e) Income tax and deferred tax

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

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(f) Fair value measurement

A number of assets and liabilities included in the Group’s Historical Financial Information require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group’s financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the “**fair value hierarchy**”):

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable inputs other than quoted prices included within Level 1; and

APPENDIX I

ACCOUNTANTS’ REPORT

- Level 3: unobservable inputs are inputs for which market data are not available.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following items at fair value:

- Financial assets at FVTPL; and
- Financial assets at FVOCI.

For more detailed information in relation to the fair value measurement of the items above, please refer to Note 39.3.

6 SEGMENT INFORMATION

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

The geographical location of the Group’s non-current assets (excluding deferred tax assets and financial assets) is based on the physical location of these assets.

As at the end of each reporting period, the geographical location of the Group’s non-current assets is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PRC (country of domicile)	16,483,266	17,261,298	17,937,193
Mexico	316,746	889,887	1,376,316
Poland	231,089	196,189	222,609
United States of America (“USA”)	8,721	238,748	289,073
Thailand	—	—	324,165
Others	35,850	35,410	29,477
	<u>17,075,672</u>	<u>18,621,532</u>	<u>20,178,833</u>

Revenue from customers contributing over 10% of the total revenue of the Group during each of the reporting period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	7,844,875	7,542,655	7,613,842
Customer B	2,336,948	3,303,832	3,603,635
Customer C	*	4,637,112	5,381,744

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

7 REVENUE

(a) Disaggregation of revenue from contracts with customers

Revenue for each of the reporting period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15:			
Transferred at point in time:			
Sales of products by type of products:			
Vibration control system	4,299,080	4,402,384	4,255,569
Interior functional components	6,576,508	8,433,567	9,672,496
Chassis system	6,122,225	8,202,682	8,722,484
Automotive electronics	180,633	1,820,105	2,768,612
Thermal management system	1,547,736	2,139,651	2,091,305
Robotic actuation system	1,854	13,427	13,591
	<u>18,728,036</u>	<u>25,011,816</u>	<u>27,524,057</u>
Sales of scrap materials and others	<u>967,588</u>	<u>1,581,737</u>	<u>2,049,912</u>
	19,695,624	26,593,553	29,573,969
Revenue from other sources:			
Rental income	<u>4,937</u>	<u>6,775</u>	<u>7,490</u>
	<u><u>19,700,561</u></u>	<u><u>26,600,328</u></u>	<u><u>29,581,459</u></u>

Revenue by location of the customers for each of the reporting period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PRC (country of domicile)	13,844,488	20,314,943	23,320,623
USA	1,656,238	2,334,515	2,729,973
Germany	1,383,884	1,469,681	1,288,196
Netherlands	772,708	644,963	775,173
Mexico	529,346	497,649	440,346
Canada	496,870	414,956	242,559
South Korea	238,078	177,167	176,724
Brazil	141,777	115,911	100,785
United Kingdom	139,115	140,162	33,574
Others	<u>498,057</u>	<u>490,381</u>	<u>473,506</u>
	<u><u>19,700,561</u></u>	<u><u>26,600,328</u></u>	<u><u>29,581,459</u></u>

Contract liabilities

The Group’s customer contracts are for the delivery of goods within the next 12 months from the respective reporting dates and the Group had applied the practical expedient in paragraph 121(a) of IFRS 15 for not disclosing amount of transaction price allocated to the remaining performance obligations under the contracts.

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

The Group

As at 1 January 2023, 31 December 2023, 2024 and 2025, the Group recognised contract liabilities of RMB22,053,000 RMB20,090,000, RMB24,262,000 and RMB21,061,000, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows how much of the revenue recognised during each of the reporting period is included in the contract liabilities:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	22,053	20,090	24,262

The Group expects that the contract liabilities as at 31 December 2023, 2024 and 2025 will be recognised as revenue within a year or less.

The Company

As at 1 January 2023, 31 December 2023, 2024 and 2025, the Company recognised contract liabilities of RMB1,362,000, RMB1,606,000, RMB1,243,000 and RMB2,756,000, respectively.

The following table shows how much of the revenue recognised during each of the reporting period is included in the contract liabilities:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,362	1,606	1,243

The Company expects that the contract liabilities as at 31 December 2023, 2024 and 2025 will be recognised as revenue within a year or less.

8 PROFIT BEFORE INCOME TAX

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Auditor's remuneration	2,800	2,900	3,050
Cost of inventories	14,686,739	20,275,536	23,156,912
Write-down of inventories	65,402	58,259	68,446
Cost of inventories recognised as expenses	14,752,141	20,333,795	23,225,358
Depreciation of property, plant and equipment (Note (a))	1,181,251	1,574,415	1,924,020
Depreciation of investment properties (Note (b))	2,147	2,147	2,147
Depreciation of right-of-use assets (Note (c))	64,572	109,426	147,769
Amortisation of intangible assets (Note (d))	14,954	18,235	25,093
	1,262,924	1,704,223	2,099,029
Less: Capitalised in inventories	(1,088,308)	(1,474,135)	(1,815,723)
	174,616	230,088	283,306
Research and development expenses (Note (e))	986,403	1,224,243	1,496,041
Direct operating expenses arising from investment properties that generated rental income	2,147	2,147	2,147
Expenses relating to short-term leases	—	—	3,295
Employee-related expenses (Note 9)	2,413,262	3,024,862	3,487,797

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) Depreciation of the Group’s property, plant and equipment, excluding amount that has been capitalised into inventories has been recognised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Administrative expenses	44,490	74,581	92,696
Selling expenses	390	464	876
Research and development expenses	83,156	111,143	135,400
Cost of sales	—	—	3,534
	<u>128,036</u>	<u>186,188</u>	<u>232,506</u>

- (b) Depreciation of the Group’s investment property, excluding amount that has been capitalised into inventories has been recognised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	<u>2,147</u>	<u>2,147</u>	<u>2,147</u>
	<u>2,147</u>	<u>2,147</u>	<u>2,147</u>

- (c) Depreciation of the Group’s right-of-use assets, excluding amount that has been capitalised into inventories has been recognised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Administrative expenses	25,946	21,130	24,442
Selling expenses	17	17	19
Research and development expenses	<u>4,156</u>	<u>3,783</u>	<u>4,705</u>
	<u>30,119</u>	<u>24,930</u>	<u>29,166</u>

- (d) Amortisation of the Group’s intangible assets, excluding amount that has been capitalised into inventories has been recognised as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Administrative expenses	8,758	8,995	11,765
Research and development expenses	<u>5,556</u>	<u>7,828</u>	<u>7,722</u>
	<u>14,314</u>	<u>16,823</u>	<u>19,487</u>

- (e) Research and development expenses mainly include amounts relating to costs of materials, employee benefit expenses, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above.

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, bonus and benefits in kind	1,992,050	2,514,238	2,898,913
Contributions to defined contribution plans, housing funds and other social insurances (Note (a))	269,927	336,684	452,633
Other employee benefit expenses	<u>151,285</u>	<u>173,940</u>	<u>136,251</u>
	<u>2,413,262</u>	<u>3,024,862</u>	<u>3,487,797</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(a) Defined contribution plans, housing funds and other social insurances

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

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities in various countries and regions other than the PRC. The Group’s liability in respect of these plans is limited to the contributions payable at the end of each period. Contributions to these plans are expensed as incurred.

As at 31 December 2023, 2024 and 2025, there are no forfeited contributions available to offset future retirement benefit obligations of the Group.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025, include 4, 4 and 4 directors respectively, whose emoluments are disclosed in Note 9(c). Details of the remuneration of the remaining individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, bonus and benefits in kind	1,946	1,946	1,943
Contributions to defined contribution plans, housing funds and other social insurances	54	54	57
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

The highest paid individuals fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
Emolument bands			
Nil to HK\$1,000,000	—	—	—
HK\$1,000,001 to HK\$1,500,000	—	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	—
HK\$2,000,001 to HK\$2,500,000	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

Name	Director’s fee RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonus RMB’000	Retirement scheme contributions RMB’000	Total RMB’000
Directors					
Mr. Wu JS	—	—	—	—	—
Wu Haonian	—	338	—	8	346
Wang Bin	—	2,946	—	54	3,000
Pan Xiaoyong	—	5,446	—	54	5,500
Wu Weifeng	—	4,462	—	38	4,500
Wang Weiwei	—	1,946	—	54	2,000
Subtotal	—	15,138	—	208	15,346
Independent directors					
Zhao Xiangqiu	52	—	—	—	52
Wang Yongbin	52	—	—	—	52
Zhou Ying (<i>Note (i)</i>)	42	—	—	—	42
Xie Huajun (<i>Note (ii)</i>)	14	—	—	—	14
Subtotal	160	—	—	—	160
Supervisors					
Yan Qunli	—	706	—	54	760
Duan Xiaocheng	—	1,148	—	52	1,200
Li Weiguo	—	242	—	38	280
Subtotal	—	2,096	—	144	2,240
Total	160	17,234	—	352	17,746

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

Name	Director’s fee RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonus RMB’000	Retirement scheme contributions RMB’000	Total RMB’000
Directors					
Mr. Wu JS	—	—	—	—	—
Wu Haonian	—	446	—	18	464
Wang Bin	—	3,245	—	55	3,300
Pan Xiaoyong	—	5,945	—	55	6,000
Wu Weifeng	—	4,946	—	54	5,000
Wang Weiwei	—	2,306	—	54	2,360
Subtotal	—	16,888	—	236	17,124
Independent directors					
Zhao Xiangqiu	60	—	—	—	60
Wang Yongbin	60	—	—	—	60
Xie Huajun (<i>Note (ii)</i>)	60	—	—	—	60
Subtotal	180	—	—	—	180
Supervisors					
Yan Qunli	—	776	—	54	830
Duan Xiaocheng	—	1,305	—	55	1,360
Li Weiguo	—	260	—	40	300
Subtotal	—	2,341	—	149	2,490
Total	180	19,229	—	385	19,794

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments in respect of each of the directors and supervisors paid/payable by the Group for the year ended 31 December 2025 are as follows:

Name	Director’s fee RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonus RMB’000	Retirement scheme contributions RMB’000	Total RMB’000
Directors					
Mr. Wu JS	—	—	—	—	—
Wu Haonian	—	513	—	—	513
Wang Bin	—	4,243	—	57	4,300
Pan Xiaoyong	—	6,443	—	57	6,500
Wu Weifeng	—	5,444	—	56	5,500
Wang Weiwei	—	2,943	—	57	3,000
Subtotal	—	19,586	—	227	19,813
Independent directors					
Zhao Xiangqiu	60	—	—	—	60
Wang Yongbin	60	—	—	—	60
Xie Huajun (<i>Note (ii)</i>)	60	—	—	—	60
Subtotal	180	—	—	—	180
Supervisors					
Yan Qunli	—	823	—	57	880
Duan Xiaocheng	—	1,443	—	57	1,500
Li Weiguo	—	278	—	42	320
Subtotal	—	2,544	—	156	2,700
Total	180	22,130	—	383	22,693

Notes:

(i) Zhou Ying resigned as an independent director on 19 October 2023.

(ii) Xie Huajun was appointed as an independent director on 19 October 2023.

(d) Directors’ retirement benefits and termination benefits

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

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

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

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

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

10 OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
— related to assets (<i>Note 36</i>)	35,416	45,494	48,698
— related to income (<i>Note (a)</i>)	118,982	230,306	127,139
Additional deduction for value-added tax (“VAT”) (<i>Note (b)</i>)	58,811	116,190	118,330
Others	6,070	15,870	12,176
	<u>219,279</u>	<u>407,860</u>	<u>306,343</u>

Notes:

- (a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives to reward the Group’s support and contribution for the development of local economies. There are no unfulfilled obligations for the recognised income at the end of each reporting period.
- (b) Pursuant to the Announcement 2023 No.43 “Notice on the Additional Value-Added Tax (“VAT”) Credit Policy for Advanced Manufacturing Enterprises (關於先進製造業企業增值稅加計抵減政策的公告)” issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from 1 January 2023 to 31 December 2027.

11 OTHER GAINS/(LOSSES), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on disposal of/written off of property, plant and equipment and intangible assets, net	(8,196)	(20,634)	(3,193)
Gain on early termination of leases	—	774	—
Gain on bargain purchase (<i>Note 42</i>)	—	21,902	—
Investment income from structured deposits	6,033	38,441	25,061
Change in fair value of financial assets at FVTPL	(83)	1,084	—
Impairment loss on goodwill (<i>Note 21</i>)	(6,059)	(1,080)	(31,702)
Exchange gains, net	100,388	29,541	20,178
Others	850	(360)	(698)
	<u>92,933</u>	<u>69,668</u>	<u>9,646</u>

12 IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables (<i>Note 28</i>)	194,247	78,270	32,513
Note receivables (<i>Note 39.1(b)</i>)	528	(1,919)	(7,439)
Other receivables (<i>Note 39.1(b)</i>)	1,916	3,426	3,361
	<u>196,691</u>	<u>79,777</u>	<u>28,435</u>

Details of impairment losses under ECL model are set out in Note 39.1(b) to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

13 FINANCE COSTS—NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income:			
Bank interest income (<i>Note (a)</i>)	46,325	48,351	38,072
	<u>46,325</u>	<u>48,351</u>	<u>38,072</u>
Finance costs:			
Interest expenses on bank borrowings	(136,404)	(124,795)	(110,341)
Interest expenses on lease liabilities (<i>Note 20</i>)	(5,207)	(18,713)	(23,982)
Interest expenses on discounted note receivables	—	(4,920)	(10,634)
Interest expenses on convertible bonds (<i>Note 35</i>)	(86,478)	(89,545)	(14,893)
	<u>(228,089)</u>	<u>(237,973)</u>	<u>(159,850)</u>
Finance costs—net	<u>(181,764)</u>	<u>(189,622)</u>	<u>(121,778)</u>

Note:

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

14 INCOME TAX EXPENSE

(a) Income tax expense

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	368,717	455,636	394,601
Deferred income tax (<i>Note 23</i>)	(56,443)	(38,063)	(25,668)
	<u>312,274</u>	<u>417,573</u>	<u>368,933</u>

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

Hong Kong

The Group’s subsidiary in Hong Kong is subject to Hong Kong profits tax, under which the tax rate of the qualifying group entity is 8.25% for assessable profits in the first Hong Kong Dollars (“**HK\$**”) 2 million and 16.5% for any assessable profits in excess. The assessable profits of other entities will be taxed at a flat rate of 16.5%. Since the subsidiary did not have assessable profits in Hong Kong during the Track Record Period, no Hong Kong profits tax has been provided.

PRC (excluding Hong Kong)

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

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

Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Canada, North America, Poland, Sweden, Malaysia, Brazil, Mexico and Thailand has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging within 34% for the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

Pillar Two income taxes

In 2021, the Organization for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (“**Pillar Two Model Rules**”) for a new global minimum tax reform applicable to large multinational enterprises. The Group operates in certain jurisdictions where the Pillar Two Model Rules have either been enacted or are already effective. However, as the Group’s estimated effective tax rates of all jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Model Rules based on management’s best estimate, the directors of the Company considered the Group is not liable to top-up tax under the Pillar Two Model Rules.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before income tax	2,462,290	3,421,260	3,151,599
Tax calculated at applicable rate of 15% in the PRC	369,344	513,189	472,740
Tax effect of different tax rates	29,308	29,745	55,483
(Over)/under provision of current tax in prior years	(391)	9,552	15,980
Tax effect of non-taxable income	(223)	(6,879)	(29,383)
Tax effect of non-deductible expenses	10,575	24,928	12,630
Tax effect of tax losses not recognised	26,336	22,380	47,156
Change in opening deferred tax asset/liability balance due to tax rate adjustment	3,796	7,570	—
Tax concession	—	(14,438)	(131)
Tax effect of additional deduction for eligible research and development expense (<i>Note</i>)	(126,428)	(168,437)	(205,542)
Tax incentives for employment of disabilities	(43)	(37)	—
Income tax expense	<u>312,274</u>	<u>417,573</u>	<u>368,933</u>

Note:

According to the Announcement on Further Improving the Policy of Pre-tax Deduction of R&D Expenses (關於進一步完善研發費用稅前加計扣除政策的公告) (No. 7 2023) of the State Administration of Taxation of the Ministry of Finance), the Company and its PRC subsidiaries will be deducted before tax at 100% of the actual amount of research and development expenses incurred in research and development activities that do not form intangible assets and are recognised in the profit or loss when calculating the taxable income from 1 January 2023, and 200% of the cost of the intangible assets will be amortised before tax from 1 January 2023.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Tax losses

As at 31 December 2023, 2024 and 2025, the Group did not recognise deferred income tax assets in respect of losses of RMB528,674,000, RMB566,256,000 and RMB562,693,000 respectively, because sufficient future profit streams is not probable of the related subsidiaries. The tax losses incurred from the Company’s subsidiary in the PRC that are not recognised as deferred tax assets will expire from 2024 to 2030. Tax losses of the Company’s subsidiary incorporated outside PRC will be carried forward indefinitely. Deductible losses that are not recognised for deferred income tax assets will expire as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Expiry year			
2024	28,748	—	—
2025	12,535	12,526	—
2026	26,065	10,742	288
2027	66,383	45,792	18,918
2028	283,278	192,669	153,215
2029	—	106,544	88,829
2030	—	—	63,648
Permanently (Outside PRC)	111,665	197,983	237,795
	<u>528,674</u>	<u>566,256</u>	<u>562,693</u>

15 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2023, 2024 and 2025 are calculated by dividing the profit for the respective years attributable to owners of the Company by the weighted average number of ordinary shares in issue for the respective years, which has been adjusted retrospectively for the increase in ordinary shares from the conversion of capital reserves as disclosed in Note 37.

	Year ended 31 December		2025
	2023	2024	
Profit for the year attributable to owners of the Company (RMB’000)	2,150,642	3,000,606	2,779,071
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share (thousand shares)	1,597,970	1,680,965	1,727,387
Basic earnings per share (RMB per share)	<u>1.35</u>	<u>1.79</u>	<u>1.61</u>

(b) Diluted earnings per share

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

Diluted earnings per share for the year ended 31 December 2023 was the same as basic earnings per share as the conversion of potential ordinary shares in relation to the conversion of convertible bonds have an anti-dilutive effect as the adjusted conversion price was higher than the average market price for shares during the period.

APPENDIX I

ACCOUNTANTS’ REPORT

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

(i) *Earnings for the purpose of calculating diluted earnings per share*

	Year ended 31 December		
	2023	2024	2025
Profit for the year attributed to owners of the Company	2,150,642	3,000,606	2,779,071
After tax effect of interest on liability component of convertible bonds	—	77,969	12,659
Earnings for the purpose of calculating diluted earnings per share	<u>2,150,642</u>	<u>3,078,575</u>	<u>2,791,730</u>

(ii) *Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share*

	Year ended 31 December		
	2023	2024	2025
Weighted average number of ordinary shares in issue	1,597,970	1,680,965	1,727,387
Effect of conversion option of convertible bonds	—	52,013	10,449
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,597,970</u>	<u>1,732,978</u>	<u>1,737,836</u>

16 SUBSIDIARIES

(a) *Subsidiaries of the Company*

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

List of subsidiaries is as follows:

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/ registered capital	As at 31 December 2023		Equity interest attributable to the Company As at 31 December 2024		As at 31 December 2025		Principal activities	Place of operation	
			Direct	Indirect	Direct	Indirect	Direct	Indirect			
寧波拓普汽車電子有限公司	The PRC limited liability company	RMB2,500 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (a)</i>
拓普電動車熱管理系统 (寧波)有限公司	The PRC limited liability company	RMB4,500 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (a)</i>
寧波拓普機電進出口有限 公司	The PRC limited liability company	RMB200 million	100%	—	100%	—	100%	—	Trading Enterprises	The PRC	<i>Note (a)</i>
寧波拓普汽車部件有限公司	The PRC limited liability company	RMB200 million	100%	—	100%	—	100%	—	Trading Enterprises	The PRC	<i>Note (a)</i>
寧波拓普聲學振動技術有限 公司	The PRC limited liability company	RMB200 million	100%	—	100%	—	100%	—	Trading Enterprises	The PRC	<i>Note (a)</i>
浙江拓為汽車部件有限公司	The PRC limited liability company	RMB180 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (a)</i>
遂寧拓普汽車底盤系統有限 公司	The PRC limited liability company	RMB150 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (a)</i>
寧波域想線控底盤有限公司	The PRC limited liability company	RMB50 million	100%	—	100%	—	100%	—	Trading Enterprises	The PRC	<i>Note (a)</i>
寧波拓普底盤系統有限公司	The PRC limited liability company	RMB600 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (a)</i>
拓普滑板底盤(寧波)有限 公司	The PRC limited liability company	RMB4,000 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (b)</i>

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APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/ registered capital	As at 31 December		Equity interest attributable to the Company				Principal activities	Place of operation	
			2023		2024		2025				
			Direct	Indirect	Direct	Indirect	Direct	Indirect			
湖南拓普汽車部件有限公司	The PRC limited liability company	RMB800 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (c)</i>
台州拓普汽車部件有限公司	The PRC limited liability company	RMB100 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
上海拓普城汽車部件有限公司	The PRC limited liability company	RMB50 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
平湖拓普特種織物有限公司	The PRC limited liability company	RMB208 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (d)</i>
Tuopu North America Limited	Canada limited liability company	CAD10,000	—	51%	—	51%	—	51%	Trading Enterprises	Canada	<i>Note (g)</i>
Tuopu USA, LLC	United States of America limited liability company	US\$5 million	100%	—	100%	—	100%	—	Trading Enterprises	USA	<i>Note (g)</i>
Tuopu Poland sp.z.o.o	Poland limited liability company	PLN10 million	100%	—	100%	—	100%	—	Manufacturing	Poland	<i>Note (h)</i>
西安拓普汽車部件有限公司	The PRC limited liability company	RMB200 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (d)</i>
武漢拓普邁高汽車部件有限公司	The PRC limited liability company	RMB150 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
四川拓普汽車部件有限公司	The PRC limited liability company	RMB20 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
柳州拓普汽車部件有限公司	The PRC limited liability company	RMB100 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (e)</i>
湖州拓普汽車部件有限公司	The PRC limited liability company	RMB350 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
寶雞拓普邁高汽車部件有限公司	The PRC limited liability company	RMB50 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (e)</i>
煙台拓普汽車部件有限公司	The PRC limited liability company	RMB62.8 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
寧波千匯汽車飾件有限公司	The PRC limited liability company	US\$3,755,100	51%	—	51%	—	51%	—	Manufacturing	The PRC	<i>Note (d)</i>
瀋陽拓普汽車部件有限公司	The PRC limited liability company	RMB10 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
晉中拓普汽車部件有限公司	The PRC limited liability company	RMB8 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
重慶拓普汽車部件有限公司	The PRC limited liability company	RMB14,642,200	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
杭州拓普汽車部件有限公司	The PRC limited liability company	RMB3 million	—	100%	—	100%	—	100%	Manufacturing	The PRC	<i>Note (i)</i>
上海拓為汽車技術有限公司	The PRC limited liability company	RMB121 million	100%	—	100%	—	—	—	Research and development	The PRC	<i>Note (i), (k)</i>
深圳拓為汽車技術有限公司	The PRC limited liability company	RMB20 million	100%	—	100%	—	100%	—	Research and development	The PRC	<i>Note (i)</i>
寧波域想電子商務有限公司	The PRC limited liability company	RMB100 million	100%	—	100%	—	100%	—	Provision of service to the Group	The PRC	<i>Note (i)</i>
寧波域想智行科技有限公司	The PRC limited liability company	RMB300 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	<i>Note (i)</i>
寧波拓普投資有限公司	The PRC limited liability company	RMB200 million	100%	—	100%	—	100%	—	Investments	The PRC	<i>Note (i)</i>

APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/ registered capital	Equity interest attributable to the Company								Principal activities	Place of operation	
			As at 31 December 2023		As at 31 December 2024		As at 31 December 2025						
			Direct	Indirect	Direct	Indirect	Direct	Indirect					
拓普集團國際有限公司	Hong Kong limited liability company	RMB33 million	100%	—	100%	—	100%	—	Investments	Hong Kong	Note (g)		
寧波拓普工業自動化有限公司	The PRC limited liability company	RMB20 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	Note (d)		
Tuopu North America USA Limited, INC	United States of America limited liability company	US\$10	—	51%	—	51%	—	51%	Manufacturing	USA	Note (i)		
Tuopu Sweden Technology AB	Sweden limited liability company	SEK 50,000	—	100%	—	100%	—	100%	Manufacturing	Sweden	Note (g)		
Tuopu Do Brasil Autopeças Ltda.	Brazil limited liability company	BRL 80,809,500	99.96%	0.04%	99.96%	0.04%	99.96%	0.04%	Manufacturing	Brazil	Note (g)		
TUOPU (MALAYSIA) SDN.BHD.	Malaysia limited liability company	MYR 2.5 million	—	100%	—	100%	—	100%	Manufacturing	Malaysia	Note (g)		
拓普汽車底盤系統(重慶)有限公司	The PRC limited liability company	RMB500 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	Note (i)		
拓普汽車底盤系統(安徽)有限公司	The PRC limited liability company	RMB600 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	Note (d)		
TUOPU GROUP MEXICO, S.de R.L. de C.V.	Mexico limited liability company	MXN 2,455,979	99%	1%	99%	1%	99%	1%	Manufacturing	Mexico	Note (i)		
拓普光伏科技(寧波北侖)有限公司	The PRC limited liability company	RMB50 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏科技(寧波杭州灣新區)有限公司	The PRC limited liability company	RMB100 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏科技(平湖)有限公司	The PRC limited liability company	RMB50 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏科技(台州)有限公司	The PRC limited liability company	RMB20 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏科技(金華)有限公司	The PRC limited liability company	RMB10 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
河南拓普汽車部件有限公司	The PRC limited liability company	RMB50 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	Note (f)		
濟南拓普汽車部件有限公司	The PRC limited liability company	RMB50 million	100%	—	100%	—	100%	—	Manufacturing	The PRC	Note (i)		
拓普光伏科技(寧波鄞州)有限公司	The PRC limited liability company	RMB50 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏發電科技(湘潭)有限公司	The PRC limited liability company	RMB50 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普光伏發電(武漢)有限公司	The PRC limited liability company	RMB30 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
鄰水拓普光伏科技有限公司	The PRC limited liability company	RMB20 million	—	100%	—	100%	—	—	Provision of power generation service to the Group	The PRC	Note (i), (k)		
遂寧拓普光伏科技有限公司	The PRC limited liability company	RMB10 million	—	100%	—	100%	—	—	Provision of power generation service to the Group	The PRC	Note (i), (k)		

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

APPENDIX I

ACCOUNTANTS’ REPORT

Name of subsidiaries	Place of incorporation/ establishment and kind of legal entity	Authorised shares capital/ registered capital	Equity interest attributable to the Company								Principal activities	Place of operation	
			As at 31 December 2023		As at 31 December 2024		As at 31 December 2025						
			Direct	Indirect	Direct	Indirect	Direct	Indirect					
柳州拓普光伏科技有限公司	The PRC limited liability company	RMB10 million	—	100%	—	100%	—	100%	Provision of power generation service to the Group	The PRC	Note (i)		
拓普智能光伏科技(瀋陽) 有限公司	The PRC limited liability company	RMB10 million	—	100%	—	100%	—	—	Provision of power generation service to the Group	The PRC	Note (i), (k)		
寧波拓普飾件有限公司	The PRC limited liability company	RMB21 million	—	—	100%	—	100%	—	Trading Enterprises	The PRC	Note (i), (j)		
廊坊拓普汽車部件有限公司	The PRC limited liability company	RMB20 million	—	—	—	100%	—	100%	Manufacturing	The PRC	Note (i), (j)		
瀋陽拓普邁高汽車部件有限 公司	The PRC limited liability company	RMB35 million	—	—	—	100%	—	100%	Manufacturing	The PRC	Note (i), (j)		
寧波拓普驅動有限公司	The PRC limited liability company	RMB200 million	—	—	—	—	100%	—	Manufacturing	The PRC	Note (l)		
寧波靈御觸覺有限公司	The PRC limited liability company	RMB48 million	—	—	—	—	100%	—	Manufacturing	The PRC	Note (l)		
寧波靈御機器人部件有限 公司	The PRC limited liability company	RMB50 million	—	—	—	—	100%	—	Manufacturing	The PRC	Note (l)		
拓普香港控股有限公司	Hong Kong limited liability company	HK\$500,000	—	—	—	—	100%	—	Investments	Hong Kong	Note (l)		
拓普香港投資有限公司	Hong Kong limited liability company	HK\$100,000	—	—	—	—	100%	—	Investments	Hong Kong	Note (l)		
拓普泰國科技有限公司	Thailand limited liability company	Thai Baht 1,900 million	—	—	—	—	100%	—	Manufacturing	Thailand	Note (l)		
蕪湖拓普汽車部件有限公司	The PRC limited liability company	RMB200 million	—	—	—	—	100%	—	Manufacturing	The PRC	Note (m)		
金華拓普汽車部件有限公司	The PRC limited liability company	RMB10 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
福州拓普汽車部件有限公司	The PRC limited liability company	RMB20 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
安慶拓為汽車部件有限公司	The PRC limited liability company	RMB10 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
宜賓拓普汽車部件有限公司	The PRC limited liability company	RMB5 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
內蒙古拓普汽車部件有限 公司	The PRC limited liability company	RMB3 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
安慶拓普汽車部件有限公司	The PRC limited liability company	RMB5 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
蕪湖拓為汽車部件有限公司	The PRC limited liability company	RMB10 million	—	—	—	—	—	100%	Manufacturing	The PRC	Note (m)		
TUOPU DETROIT LLC	United States of America limited liability company	US\$10,000	—	—	—	—	100%	—	Manufacturing	USA	Note (l)		
TUOPU TECHNOLOGY (MALAYSIA) SDN. BHD.	Malaysia limited liability company	MYR 1,500	—	—	—	—	—	100%	Manufacturing	Malaysia	Note (l)		

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (a) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2023 and 2024 and no audited financial statements were prepared for the entity during the year ended 31 December 2025.
- (b) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2024 and no audited financial statements were prepared for the entity during the year ended 31 December 2023 and 2025.
- (c) The statutory financial statements of the PRC subsidiaries of Company have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2024 and by local accounting firms, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the year ended 31 December 2023 and no audited financial statements were prepared for the entity during the year ended 31 December 2025.
- (d) The statutory financial statements of the PRC subsidiaries of Company have been audited by local accounting firms, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the years ended 31 December 2023 and 2024 and no audited financial statements were prepared for the entity during the year ended 31 December 2025.
- (e) The statutory financial statements of the PRC subsidiaries of Company have been audited by local accounting firms, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the year ended 31 December 2023 and no audited financial statements were prepared for the entity during the years ended 31 December 2024 and 2025.
- (f) The statutory financial statements of the PRC subsidiaries of Company have been audited by local accounting firms, in accordance with the China Auditing Standards issued by China Auditing Standards Board for the year ended 31 December 2024 and no audited financial statements were prepared for the entity during the years ended 31 December 2023 and 2025.
- (g) The statutory financial statements of overseas subsidiaries of Company have been audited by local accounting firms, in accordance with the local accounting standards for the years ended 31 December 2023 and 2024 and no audited financial statements were prepared for the entity during the year ended 31 December 2025.
- (h) The statutory financial statements of overseas subsidiaries of Company have been audited by local accounting firms, in accordance with the local accounting standards for the years ended 31 December 2023 and no audited financial statements were prepared for the entity during the year ended 31 December 2024 and 2025.
- (i) No audited financial statements were prepared for the entities during the Track Record Period.
- (j) The entities were joint ventures of the Company for the year ended 31 December 2023 and became wholly-owned subsidiaries in April 2024. For details, please refer to Note 17.
- (k) These subsidiaries were deregistered during the year ended 31 December 2025.
- (l) These subsidiaries were incorporated during the year ended 31 December 2025.
- (m) These subsidiaries became wholly-owned subsidiaries in May 2025 upon acquisition. For details, please refer to Note 42.

(b) Investment in subsidiaries

Investment in subsidiaries, at cost	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	10,829,797	12,385,367	15,197,880
Additions	1,555,570	2,773,747	1,955,166
Deregistration of subsidiaries	—	—	(121,000)
Joint venture becomes a subsidiary	—	38,766	—
At the end of the year	<u>12,385,367</u>	<u>15,197,880</u>	<u>17,032,046</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Material non-controlling interests (“NCI”)

The following table lists out the information relating to Tuopu North America Limited, which has a NCIs. The summarised financial information presented below represents the amounts before any inter- company elimination.

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
NCI percentage	49%	49%	49%
Current assets	56,444	50,940	40,043
Non-current assets	8,949	7,914	7,071
Current liabilities	(69,496)	(62,754)	(49,713)
Non-current liabilities	—	—	—
Net liabilities	(4,103)	(3,900)	(2,599)
Carrying amount of NCI	(2,010)	(1,911)	(1,274)
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	1,294,050	1,223,274	1,019,583
Profit for the year	792	233	1,338
Total comprehensive income	843	203	1,301
Total comprehensive income allocated to NCI	413	99	637
Cash flows (used in)/generated from operating activities	(27,592)	6,422	(4,276)

17 INVESTMENT IN JOINT VENTURES

The Group and the Company

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
At the beginning of the year	141,705	139,642	96,733
Dividends	—	(50,000)	(35,000)
Share of post-acquisition profits and other comprehensive income	(2,063)	45,857	43,522
Joint venture becomes a subsidiary (Note 42)	—	(38,766)	—
At the end of the year	139,642	96,733	105,255

The particulars of the joint ventures of the Group during the Track Record Period, which are unlisted, are set out as follows:

Name of joint ventures	Place of incorporation and business	Proportion of ownership interest attributed to the Group						Principal activities
		As at 31 December 2023		As at 31 December 2024		As at 31 December 2025		
		Direct	Indirect	Direct	Indirect	Direct	Indirect	
Tuopu Electrical Appliances Co., Ltd. (“ Tuopu Electrical Appliances ”)	The PRC limited liability company	50%	—	50%	—	50%	—	Manufacturing
Ningbo Borgers Tuopu Automobile Parts Co., Ltd. (“ Ningbo Borgers ”)	The PRC limited liability company	50%	—	—	—	—	—	Manufacturing

APPENDIX I

ACCOUNTANTS’ REPORT

Summarised financial information of material joint ventures:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Tuopu Electrical Appliances</i>			
Current assets			
Cash and cash equivalents	36,912	10,100	22,684
Other current assets	244,609	276,930	253,228
	<u>281,521</u>	<u>287,030</u>	<u>275,912</u>
Non-current assets	<u>46,509</u>	<u>49,533</u>	<u>50,146</u>
Current liabilities			
Financial liabilities (excluding trade payables)	(34,422)	(27,708)	(19,076)
Other current liabilities	(94,729)	(114,696)	(95,970)
	<u>(129,151)</u>	<u>(142,404)</u>	<u>(115,046)</u>
Non-current liabilities			
Financial liabilities (excluding trade payables)	—	—	—
Other current liabilities	(532)	(417)	(308)
	<u>(532)</u>	<u>(417)</u>	<u>(308)</u>
Net assets	<u>198,347</u>	<u>193,742</u>	<u>210,704</u>
	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	342,066	441,098	452,170
Depreciation and amortisation	(3,401)	(5,204)	5,717
Finance cost	—	—	(450)
Finance income	194	607	—
Income tax expense	(10,395)	(14,147)	12,453
	<u>72,600</u>	<u>95,395</u>	<u>86,962</u>
Profit for the year	72,600	95,395	86,962
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	<u>72,600</u>	<u>95,395</u>	<u>86,962</u>
Dividends received	<u>—</u>	<u>50,000</u>	<u>35,000</u>
<i>Reconciled to the Group's interest in Tuopu Electrical Appliances</i>			
Net assets of Tuopu Electrical Appliances	198,347	193,742	210,704
Group's effective interest	50%	50%	50%
Group's share of net assets in Tuopu Electrical Appliances	99,174	96,871	105,352
Share of unrealised profit on transactions with the Group	(64)	(138)	(97)
Carrying amount in the consolidated financial statements	<u>99,110</u>	<u>96,733</u>	<u>105,255</u>
Group's share of result:			
Profit for the year	36,310	47,623	43,522
Total comprehensive income for the year	<u>36,310</u>	<u>47,623</u>	<u>43,522</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Ningbo Borgers</i>			
Current assets			
Cash and cash equivalents	33,127	—	—
Other current assets	78,721	—	—
	111,848	—	—
Non-current assets	35,250	—	—
Current liabilities			
Financial liabilities (excluding trade payables)	(4,846)	—	—
Other current liabilities	(59,120)	—	—
	(63,966)	—	—
Non-current liabilities			
Financial liabilities (excluding trade payables)	—	—	—
Other current liabilities	—	—	—
	—	—	—
Net assets	83,132	—	—
	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	353,275	—	—
Depreciation and amortisation	(7,112)	—	—
Finance cost	—	—	—
Finance income	1,210	—	—
Income tax expense	(703)	—	—
Loss for the year	(76,585)	—	—
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	(76,585)	—	—
Dividends received	—	—	—
<i>Reconciled to the Group's interest in Ningbo Borgers</i>			
Net assets of Ningbo Borgers	83,132	—	—
Group's effective interest	50%	—	—
Group's share of net assets in Ningbo Borgers	41,566	—	—
Share of unrealised profit on transactions with the Group	(1,034)	—	—
Carrying amount in the consolidated financial statements	40,532	—	—
Group's share of result:			
Loss for the year	(38,373)	(1,766)	—
Total comprehensive income for the year	(38,373)	(1,766)	—

APPENDIX I

ACCOUNTANTS’ REPORT

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Transportation vehicles RMB'000	Office equipment and others RMB'000	Photovoltaic system RMB'000	Other buildings RMB'000	Construction in progress ("CIP") RMB'000	Leasehold improvements RMB'000	Fixtures and fittings RMB'000	Total RMB'000
The Group										
As at 1 January 2023										
Cost	3,576,276	7,859,772	38,822	266,419	98,039	68,201	3,553,833	117,897	237,586	15,816,845
Accumulated depreciation	(578,380)	(2,439,239)	(22,788)	(134,634)	(1,292)	(5,496)	—	(53,411)	(144,496)	(3,379,736)
Net carrying amount	2,997,896	5,420,533	16,034	131,785	96,747	62,705	3,553,833	64,486	93,090	12,437,109
Year ended 31 December 2023										
Opening net carrying amount	2,997,896	5,420,533	16,034	131,785	96,747	62,705	3,553,833	64,486	93,090	12,437,109
Additions	76,976	679,135	6,752	20,377	—	—	2,621,865	20,298	2,479	3,427,882
Disposals	(552)	(14,102)	(375)	(1,377)	—	—	—	(3,405)	(1,920)	(21,731)
Depreciation	(175,792)	(888,209)	(4,672)	(27,170)	(4,799)	(1,534)	—	(23,845)	(55,230)	(1,181,251)
Transfer from/(to) CIP	939,323	2,119,862	—	9,252	46,799	—	(3,188,382)	—	73,146	—
Exchange difference	429	11,761	—	544	—	—	12,302	—	—	25,036
Closing net carrying amount	3,838,280	7,328,980	17,739	133,411	138,747	61,171	2,999,618	57,534	111,565	14,687,045
As at 31 December 2023 and 1 January 2024										
Cost	4,592,213	10,625,086	41,933	290,246	144,838	68,201	2,999,618	135,143	311,306	19,208,584
Accumulated depreciation	(753,933)	(3,296,106)	(24,194)	(156,835)	(6,091)	(7,030)	—	(77,609)	(199,741)	(4,521,539)
Net carrying amount	3,838,280	7,328,980	17,739	133,411	138,747	61,171	2,999,618	57,534	111,565	14,687,045
Year ended 31 December 2024										
Opening net carrying amount	3,838,280	7,328,980	17,739	133,411	138,747	61,171	2,999,618	57,534	111,565	14,687,045
Additions	849	473,564	8,442	27,464	—	—	2,602,897	25,791	13,227	3,152,234
Acquired through business combinations (Note 42)	2,510	14,739	264	211	—	—	12,251	—	8,269	38,244
Disposals	(1,021)	(36,099)	(381)	(3,245)	—	—	—	(451)	(19,096)	(60,293)
Depreciation	(214,907)	(1,211,306)	(6,555)	(27,920)	(13,219)	(1,663)	—	(26,861)	(71,984)	(1,574,415)
Transfer from/(to) CIP	427,633	2,485,118	—	11,562	237,044	—	(3,272,955)	—	111,598	—
Exchange difference	(83)	(6,168)	—	(565)	—	—	(57,192)	—	3	(64,005)
Closing net carrying amount	4,053,261	9,048,828	19,509	140,918	362,572	59,508	2,284,619	56,013	153,582	16,178,810
As at 31 December 2024 and 1 January 2025										
Cost	5,021,354	13,496,586	48,878	323,715	381,882	68,201	2,284,619	159,499	418,096	22,202,830
Accumulated depreciation	(968,093)	(4,447,758)	(29,369)	(182,797)	(19,310)	(8,693)	—	(103,486)	(264,514)	(6,024,020)
Net carrying amount	4,053,261	9,048,828	19,509	140,918	362,572	59,508	2,284,619	56,013	153,582	16,178,810
Year ended 31 December 2025										
Opening net carrying amount	4,053,261	9,048,828	19,509	140,918	362,572	59,508	2,284,619	56,013	153,582	16,178,810
Additions	25,337	300,687	5,038	61,926	—	—	2,306,841	36,399	89,388	2,825,616
Acquired through business combinations (Note 42)	29,160	136,197	1,594	582	—	—	17,216	81	8,929	193,759
Disposals	(11,069)	(58,236)	(765)	(6,339)	—	—	—	(3,274)	(12,778)	(92,461)
Depreciation	(251,516)	(1,489,117)	(6,933)	(34,706)	(17,547)	(1,683)	—	(27,088)	(95,430)	(1,924,020)
Transfer from/(to) CIP	929,859	1,710,428	1,259	7,116	409	—	(2,797,348)	—	148,277	—
Exchange difference	(60)	32,383	—	807	—	—	68,343	—	2,879	104,352
Closing net carrying amount	4,774,972	9,681,170	19,702	170,304	345,434	57,825	1,879,671	62,131	294,847	17,286,056
As at 31 December 2025										
Cost	5,999,924	15,507,747	55,566	384,328	382,291	68,201	1,879,671	192,173	655,155	25,125,056
Accumulated depreciation	(1,224,952)	(5,826,577)	(35,864)	(214,024)	(36,857)	(10,376)	—	(130,042)	(360,308)	(7,839,000)
Net carrying amount	4,774,972	9,681,170	19,702	170,304	345,434	57,825	1,879,671	62,131	294,847	17,286,056

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APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings RMB'000	Machinery and equipment RMB'000	Transportation vehicles RMB'000	Office equipment and others RMB'000	Other buildings RMB'000	Construction in progress ("CIP") RMB'000	Leasehold improvements RMB'000	Fixtures and fittings RMB'000	Total RMB'000
The Company									
As at 1 January 2023									
Cost	1,060,447	2,945,680	15,484	109,131	68,201	346,048	52,164	42,732	4,639,887
Accumulated depreciation	(318,289)	(1,439,457)	(8,544)	(61,683)	(5,496)	—	(36,241)	(38,660)	(1,908,370)
Net carrying amount	742,158	1,506,223	6,940	47,448	62,705	346,048	15,923	4,072	2,731,517
Year ended 31 December 2023									
Opening net carrying amount	742,158	1,506,223	6,940	47,448	62,705	346,048	15,923	4,072	2,731,517
Additions	604	112,191	4,780	9,233	—	225,875	8,389	6,118	367,190
Disposals	—	(91,732)	(540)	(442)	—	—	(270)	(580)	(93,564)
Depreciation	(47,132)	(235,399)	(2,485)	(9,151)	(1,534)	—	(4,479)	(5,468)	(305,648)
Transfer from/(to) CIP	11,328	321,352	—	558	—	(333,238)	—	—	—
Closing net carrying amount	706,958	1,612,635	8,695	47,646	61,171	238,685	19,563	4,142	2,699,495
As at 31 December 2023 and 1 January 2024									
Cost	1,072,379	3,254,219	18,943	117,875	68,201	238,685	60,141	48,686	4,879,129
Accumulated depreciation	(365,421)	(1,641,584)	(10,248)	(70,229)	(7,030)	—	(40,578)	(44,544)	(2,179,634)
Net carrying amount	706,958	1,612,635	8,695	47,646	61,171	238,685	19,563	4,142	2,699,495
Year ended 31 December 2024									
Opening net carrying amount	706,958	1,612,635	8,695	47,646	61,171	238,685	19,563	4,142	2,699,495
Additions	—	95,495	3,616	13,583	—	301,837	5,221	9,689	429,441
Disposals	(71)	(100,877)	(570)	(1,367)	—	—	(452)	(839)	(104,176)
Depreciation	(47,204)	(282,405)	(3,364)	(9,469)	(1,663)	—	(5,146)	(6,083)	(355,334)
Transfer from/(to) CIP	513	330,632	—	2,692	—	(333,837)	—	—	—
Closing net carrying amount	660,196	1,655,480	8,377	53,085	59,508	206,685	19,186	6,909	2,669,426
As at 31 December 2024 and 1 January 2025									
Cost	1,072,714	3,536,311	21,654	133,718	68,201	206,685	65,110	56,895	5,161,288
Accumulated depreciation	(412,518)	(1,880,831)	(13,277)	(80,633)	(8,693)	—	(45,924)	(49,986)	(2,491,862)
Net carrying amount	660,196	1,655,480	8,377	53,085	59,508	206,685	19,186	6,909	2,669,426
Year ended 31 December 2025									
Opening net carrying amount	660,196	1,655,480	8,377	53,085	59,508	206,685	19,186	6,909	2,669,426
Additions	14	177,604	2,770	7,763	—	286,207	6,786	10,859	492,003
Disposals	—	(131,474)	(278)	(703)	—	—	(162)	(645)	(133,262)
Depreciation	(46,482)	(299,766)	(3,178)	(9,752)	(1,683)	—	(5,954)	(6,670)	(373,485)
Transfer from/(to) CIP	804	234,179	1,259	1,649	—	(237,891)	—	—	—
Closing net carrying amount	614,532	1,636,023	8,950	52,042	57,825	255,001	19,856	10,453	2,654,682
As at 31 December 2025									
Cost	1,073,532	3,774,018	24,110	140,827	68,201	255,001	71,202	67,148	5,474,039
Accumulated depreciation	(459,000)	(2,137,995)	(15,160)	(88,785)	(10,376)	—	(51,346)	(56,695)	(2,819,357)
Net carrying amount	614,532	1,636,023	8,950	52,042	57,825	255,001	19,856	10,453	2,654,682

- (a) Certain property, plant and equipment as at 31 December 2023, 2024 and 2025 respectively were pledged to secure bank borrowing and facilities granted to the Group and the Company (Note 43).

APPENDIX I

ACCOUNTANTS’ REPORT

19 INVESTMENT PROPERTIES

The Group and the Company

	<i>RMB'000</i>
As at 1 January 2023	
Cost	50,833
Accumulated depreciation	<u>(25,707)</u>
Net carrying amount	<u>25,126</u>
Year ended 31 December 2023	
Opening net carrying amount	25,126
Depreciation	<u>(2,147)</u>
Closing net carrying amount	<u>22,979</u>
As at 31 December 2023 and 1 January 2024	
Cost	50,833
Accumulated depreciation	<u>(27,854)</u>
Net carrying amount	<u>22,979</u>
Year ended 31 December 2024	
Opening net carrying amount	22,979
Depreciation	<u>(2,147)</u>
Closing net carrying amount	<u>20,832</u>
As at 31 December 2024 and 1 January 2025	
Cost	50,833
Accumulated depreciation	<u>(30,001)</u>
Net carrying amount	<u>20,832</u>
Year ended 31 December 2025	
Opening net carrying amount	20,832
Depreciation	<u>(2,147)</u>
Closing net carrying amount	<u>18,685</u>
As at 31 December 2025	
Cost	50,833
Accumulated depreciation	<u>(32,148)</u>
Net carrying amount	<u>18,685</u>

Notes:

- (i) The fair value of investment properties has been determined by independent professionally qualified valuer to be RMB64,562,000, RMB66,272,000 and RMB64,169,000 as at 31 December 2023, 2024 and 2025, respectively.

All the Group’s investment properties are located in the PRC and are held to earn rental income. The fair value measurement of the Group’s investment properties is categorised within Level 3 of the fair value hierarchy. The fair value was determined by taking into account the net rental income derived from existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised at appropriate capitalisation rates.

The fair value measurement is based on the properties’ highest and best use, which does not differ from their actual use.

APPENDIX I

ACCOUNTANTS’ REPORT

- (ii) The Group leases out investment property under operating leases. The leases typically run for an initial period of 4 to 10 years.

Undiscounted lease payments under non-cancellable operating leases in place at the end of each reporting period will be receivable by the Group and the Company in future periods as follows:

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	6,661	7,494	3,872
After 1 year but within 2 years	7,494	3,872	2,287
After 2 years but within 3 years	3,872	2,287	2,287
After 3 years but within 4 years	2,287	2,287	1,482
After 4 years but within 5 years	2,287	1,482	—
After 5 years	1,482	—	—
	<u>24,083</u>	<u>17,422</u>	<u>9,928</u>

- (iii) Certain investment properties as at 31 December 2023, 2024 and 2025 respectively were pledged to secure bank borrowing and facilities granted to the Group and the Company (Note 43).

20 LEASES

(a) Amounts recognised in the statements of financial positions of the Group and the Company

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Buildings	340,624	534,260	511,032
Land use right	<u>1,294,537</u>	<u>1,262,881</u>	<u>1,430,963</u>
	<u>1,635,161</u>	<u>1,797,141</u>	<u>1,941,995</u>
Lease liabilities			
Current	46,283	82,267	116,346
Non-current	<u>298,079</u>	<u>486,055</u>	<u>442,456</u>
	<u>344,362</u>	<u>568,322</u>	<u>558,802</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Land use right	<u>209,442</u>	<u>204,676</u>	<u>199,909</u>

- (i) Certain land use rights were pledged to secure bank borrowing and facilities granted to the Group (Note 43).

- (ii) As at 31 December 2023, the Company provided corporate guarantees to independent lessors in respect of certain right-of-use assets, with maximum aggregate amounts of Euro (“EUR”) 7,000,000 (equivalent to RMB55,014,000) and United States Dollar (“USD”) 49,000,000 (equivalent to RMB347,052,000).

As at 31 December 2024, the Company provided corporate guarantees to independent lessors in respect of certain right-of-use assets, with maximum aggregate amounts of EUR7,000,000 (equivalent to RMB52,680,000) and USD57,630,000 (equivalent to RMB414,267,000).

As at 31 December 2025, the Company provided corporate guarantees to independent lessors in respect of certain right-of-use assets, with maximum aggregate amounts of EUR7,000,000 (equivalent to RMB57,649,000) and USD57,630,000 (equivalent to RMB405,069,000).

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of right-of-use assets (<i>Note 8</i>)	64,572	109,426	147,769
Interest expenses (<i>Note 13</i>)	5,207	18,713	23,982
Expense relating to short-term leases (<i>Note 8</i>)	—	—	3,295

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of right-of-use assets	4,766	4,766	4,767

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

(i) Buildings:

The Group leases various buildings for operation from independent third parties and a related party namely Gloyel Electric (Ningbo) Co., Ltd. (“**Gloyel Electric**”) (高悦電氣(寧波)有限公司).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

The leases with independent third parties have an initial period of non-cancellable leases between 1 year and 10 years, while the lease with the related party has an initial period of non-cancellable lease of 3 years.

(ii) Land use right:

The Group is the registered owner of the land use rights. The land use rights have an initial period of lease term of 50 years. Lump sum payment has made upfront to acquire the land.

Movement of right-of-use assets

The Group

	Buildings	Land use right	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023			
Cost	117,839	1,254,085	1,371,924
Accumulated depreciation	(28,755)	(104,235)	(132,990)
Net carrying amount	89,084	1,149,850	1,238,934
Year ended 31 December 2023			
Opening net carrying amount	89,084	1,149,850	1,238,934
Additions	291,710	171,058	462,768
Lease modification	(4,259)	—	(4,259)
Depreciation	(38,201)	(26,371)	(64,572)
Exchange difference	2,290	—	2,290
Closing net carrying amount	340,624	1,294,537	1,635,161
As at 31 December 2023 and 1 January 2024			
Cost	395,610	1,425,143	1,820,753
Accumulated depreciation	(54,986)	(130,606)	(185,592)
Net carrying amount	340,624	1,294,537	1,635,161

APPENDIX I

ACCOUNTANTS’ REPORT

	Buildings <i>RMB'000</i>	Land use right <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024			
Opening net carrying amount	340,624	1,294,537	1,635,161
Additions	288,140	6,342	294,482
Termination of leases	(12,463)	—	(12,463)
Depreciation	(81,976)	(27,450)	(109,426)
Exchange difference	(65)	(10,548)	(10,613)
Closing net carrying amount	<u>534,260</u>	<u>1,262,881</u>	<u>1,797,141</u>
As at 31 December 2024 and 1 January 2025			
Cost	643,258	1,420,849	2,064,107
Accumulated depreciation	<u>(108,998)</u>	<u>(157,968)</u>	<u>(266,966)</u>
Net carrying amount	<u>534,260</u>	<u>1,262,881</u>	<u>1,797,141</u>
Year ended 31 December 2025			
Opening net carrying amount	534,260	1,262,881	1,797,141
Additions	70,622	185,935	256,557
Acquired through business combinations (Note 42)	37,484	10,823	48,307
Written off	(7,254)	(18)	(7,272)
Depreciation	(119,111)	(28,658)	(147,769)
Exchange difference	<u>(4,969)</u>	<u>—</u>	<u>(4,969)</u>
Closing net carrying amount	<u>511,032</u>	<u>1,430,963</u>	<u>1,941,995</u>
As at 31 December 2025			
Cost	752,320	1,623,674	2,375,994
Accumulated depreciation	<u>(241,288)</u>	<u>(192,711)</u>	<u>(433,999)</u>
Net carrying amount	<u>511,032</u>	<u>1,430,963</u>	<u>1,941,995</u>
The Company			
		Land use right <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023			
Cost		261,594	261,594
Accumulated depreciation		<u>(47,386)</u>	<u>(47,386)</u>
Net carrying amount		<u>214,208</u>	<u>214,208</u>
Year ended 31 December 2023			
Opening net carrying amount		214,208	214,208
Depreciation		<u>(4,766)</u>	<u>(4,766)</u>
Closing net carrying amount		<u>209,442</u>	<u>209,442</u>
As at 31 December 2023 and 1 January 2024			
Cost		261,594	261,594
Accumulated depreciation		<u>(52,152)</u>	<u>(52,152)</u>
Net carrying amount		<u>209,442</u>	<u>209,442</u>
Year ended 31 December 2024			
Opening net carrying amount		209,442	209,442
Depreciation		<u>(4,766)</u>	<u>(4,766)</u>
Closing net carrying amount		<u>204,676</u>	<u>204,676</u>
As at 31 December 2024 and 1 January 2025			
Cost		261,594	261,594
Accumulated depreciation		<u>(56,918)</u>	<u>(56,918)</u>
Net carrying amount		<u>204,676</u>	<u>204,676</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Land use right RMB'000	Total RMB'000
Year ended 31 December 2025		
Opening net carrying amount	204,676	204,676
Depreciation	(4,767)	(4,767)
Closing net carrying amount	199,909	199,909
As at 31 December 2025		
Cost	261,594	261,594
Accumulated depreciation	(61,685)	(61,685)
Net carrying amount	199,909	199,909
<i>Movement of lease liabilities</i>		
The Group		
		Total RMB'000
At 1 January 2023		90,535
Additions		291,710
Interest expenses (<i>Note 13</i>)		5,207
Lease modification		(4,259)
Payments		(43,015)
Exchange difference		4,184
At 31 December 2023 and 1 January 2024		344,362
Additions		288,140
Interest expenses (<i>Note 13</i>)		18,713
Early termination of lease		(13,237)
Payments		(79,915)
Exchange difference		10,259
At 31 December 2024 and 1 January 2025		568,322
Additions		70,622
Acquired through business combinations (<i>Note 42</i>)		39,627
Interest expenses (<i>Note 13</i>)		23,982
Payments		(137,328)
Exchange difference		(6,423)
At 31 December 2025		558,802

The total cash outflow for leases of the Group for the year ended 31 December 2023, 2024 and 2025 was RMB214,073,000, RMB86,257,000 and RMB326,558,000, respectively.

(d) Extension and termination options

Extension and termination options are included in a number of properties lease for own use across the Group. These are used to maximise operational flexibility in terms of managing assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the mutual agreement between the Group and the respective lessors.

APPENDIX I

ACCOUNTANTS’ REPORT

21 GOODWILL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost			
At the beginning of the year	287,350	287,350	287,350
Acquisition of subsidiaries (<i>Note 42</i>)	—	—	170,074
At the end of the year	<u>287,350</u>	<u>287,350</u>	<u>457,424</u>
Impairment			
At the beginning of the year	78,108	84,167	85,247
Impairment loss recognised	<u>6,059</u>	<u>1,080</u>	<u>31,702</u>
At the end of the year	<u>84,167</u>	<u>85,247</u>	<u>116,949</u>
Carrying values			
At the end of the year	<u>203,183</u>	<u>202,103</u>	<u>340,475</u>

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

- Zhejiang Towin Automotive Parts Co., Ltd. and Suining Tuopu Automotive Chassis System Co., Ltd. (“**Zhejiang Towin & Suining Tuopu CGU**”)
- Tuopu North America Limited (“**Tuopu North America CGU**”)
- Ningbo Qianhui Automobile Molding Co., Ltd. (“**Ningbo Qianhui CGU**”)
- Chongqing Tuopu Automotive Parts Co., Ltd. and its subsidiaries (“**Chongqing Tuopu CGU**”)
- Wuhu Tuopu Automotive Parts Co., Ltd. (“**Wuhu Tuopu CGU**”)

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Zhejiang Towin & Suining Tuopu CGU	201,538	201,538	169,836
Tuopu North America CGU	1,080	—	—
Ningbo Qianhui CGU	—	—	—
Chongqing Tuopu CGU	565	565	565
Wuhu Tuopu CGU	<u>—</u>	<u>—</u>	<u>170,074</u>
	<u>203,183</u>	<u>202,103</u>	<u>340,475</u>

As stated in Note 4.4, goodwill would be tested for impairment annually, at the end of the reporting period. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less costs of disposal, the difference of which would be recognised in profit and loss immediately.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. Value in use is calculated as present value of future cash flows, which is based on business plans approved by management. The business plan covers a five-year period and incorporates a risk-adjusted discount rate. Cash flows beyond that period are extrapolated using a steady growth rate and a terminal value.

As at 31 December 2023, 2024 and 2025, the recoverable amounts of the CGUs were determined from value-in-use calculations based on cash flow projections which were based on financial forecasts covering a period of 5 years of the operation. Management determined budgeted gross margin based on past performance and the expected future performance. The discount rates reflect the specific risks relating to the CGUs. The price of products sold by each CGUs were with reference to current market information available at the time of impairment assessment.

APPENDIX I

ACCOUNTANTS’ REPORT

The key assumptions of value-in-use calculations are as below:

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

	2023	As at 31 December 2024	2025
Zhejiang Towin & Suining Tuopu CGU	5 years	5 years	5 years
Tuopu North America CGU	5 years	5 years	N/A
Ningbo Qianhui CGU	5 years	N/A	N/A
Chongqing Tuopu CGU	5 years	5 years	5 years
Wuhu Tuopu CGU	N/A	N/A	5 years

The 5-year compound annual growth rate of revenue applied to the cash flow projections are as follows:

	2023 %	As at 31 December 2024 %	2025 %
Zhejiang Towin & Suining Tuopu CGU	7.29	3.49	4.07
Tuopu North America CGU	1.97	2.17	N/A
Ningbo Qianhui CGU	7.99	N/A	N/A
Chongqing Tuopu CGU	5.00	5.00	4.20
Wuhu Tuopu CGU	N/A	N/A	4.44

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

The average gross margin applied to the cash flow projections are as follows:

	2023 %	As at 31 December 2024 %	2025 %
Zhejiang Towin & Suining Tuopu CGU	15.99	18.33	16.51
Tuopu North America CGU	9.96	10.22	N/A
Ningbo Qianhui CGU	22.70	N/A	N/A
Chongqing Tuopu CGU	4.63	4.67	6.28
Wuhu Tuopu CGU	N/A	N/A	12.96

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

	2023 %	As at 31 December 2024 %	2025 %
Zhejiang Towin & Suining Tuopu CGU	13.01	13.22	12.53
Tuopu North America CGU	15.05	15.29	N/A
Ningbo Qianhui CGU	13.01	N/A	N/A
Chongqing Tuopu CGU	13.01	13.22	12.53
Wuhu Tuopu CGU	N/A	N/A	10.83

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

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

As at 31 December 2023, an impairment loss on goodwill allocated to Ningbo Qianhui CGU has been recognised due to the unfavourable performance of the CGU. The impairment loss recognised is based on the recoverable amount of RMB18,061,000.

As at 31 December 2024, an impairment loss on goodwill allocated to Tuopu North America CGU has been recognised due to the unfavourable performance of the CGU. The impairment loss recognised is based on the recoverable amount of RMB1,136,000.

As at 31 December 2025, an impairment loss on goodwill allocated to Zhejiang Towin & Suining Tuopu CGU has been recognised due to the unfavourable performance of the CGU. The impairment loss recognised is based on the recoverable amount of RMB511,000,000.

With regard to the assessment of value-in-use of the CGUs, the Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

APPENDIX I

ACCOUNTANTS’ REPORT

22 INTANGIBLE ASSETS

The Group

	Software RMB'000	Emission rights RMB'000	Patents and trademark RMB'000	Total RMB'000
As at 1 January 2023				
Cost	123,986	1,548	—	125,534
Accumulated amortisation	(46,308)	(1,353)	—	(47,661)
Net carrying amount	77,678	195	—	77,873
Year ended 31 December 2023				
Opening net carrying amount	77,678	195	—	77,873
Additions	32,632	53	—	32,685
Amortisation	(14,756)	(198)	—	(14,954)
Closing net carrying amount	95,554	50	—	95,604
As at 31 December 2023 and 1 January 2024				
Cost	156,618	1,601	—	158,219
Accumulated amortisation	(61,064)	(1,551)	—	(62,615)
Net carrying amount	95,554	50	—	95,604
Year ended 31 December 2024				
Opening net carrying amount	95,554	50	—	95,604
Additions	28,797	77	—	28,874
Acquired through business combinations (Note 42)	413	—	—	413
Amortisation	(18,227)	(8)	—	(18,235)
Disposals	(18)	—	—	(18)
Closing net carrying amount	106,519	119	—	106,638
As at 31 December 2024 and 1 January 2025				
Cost	186,519	1,678	—	188,197
Accumulated amortisation	(80,000)	(1,559)	—	(81,559)
Net carrying amount	106,519	119	—	106,638
Year ended 31 December 2025				
Opening net carrying amount	106,519	119	—	106,638
Additions	33,634	168	—	33,802
Acquired through business combinations (Note 42)	325	—	22,967	23,292
Amortisation	(22,024)	(31)	(3,038)	(25,093)
Disposals	(14)	—	—	(14)
Closing net carrying amount	118,440	256	19,929	138,625
As at 31 December 2025				
Cost	220,478	1,846	22,967	245,291
Accumulated amortisation	(102,038)	(1,590)	(3,038)	(106,666)
Net carrying amount	118,440	256	19,929	138,625

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Software RMB'000	Total RMB'000
As at 1 January 2023		
Cost	110,640	110,640
Accumulated amortisation	(40,611)	(40,611)
Net carrying amount	70,029	70,029
Year ended 31 December 2023		
Opening net carrying amount	70,029	70,029
Additions	24,131	24,131
Disposals	(42)	(42)
Amortisation	(13,081)	(13,081)
Closing net carrying amount	81,037	81,037
As at 31 December 2023 and 1 January 2024		
Cost	134,729	134,729
Accumulated amortisation	(53,692)	(53,692)
Net carrying amount	81,037	81,037
Year ended 31 December 2024		
Opening net carrying amount	81,037	81,037
Additions	21,055	21,055
Disposals	(659)	(659)
Amortisation	(15,831)	(15,831)
Closing net carrying amount	85,602	85,602
As at 31 December 2024 and 1 January 2025		
Cost	155,127	155,127
Accumulated amortisation	(69,525)	(69,525)
Net carrying amount	85,602	85,602
Year ended 31 December 2025		
Opening net carrying amount	85,602	85,602
Additions	25,532	25,532
Amortisation	(17,668)	(17,668)
Disposals	(441)	(441)
Closing net carrying amount	93,025	93,025
As at 31 December 2025		
Cost	180,218	180,218
Accumulated amortisation	(87,193)	(87,193)
Net carrying amount	93,025	93,025

23 DEFERRED TAX ASSETS/LIABILITIES

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

The Group

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Deferred tax assets	336,769	432,206	440,445
Set-off with deferred tax liabilities pursuant to set-off provision	(134,530)	(193,079)	(179,291)
	202,239	239,127	261,154
Deferred tax liabilities	201,368	258,742	246,033
Set-off with deferred tax assets pursuant to set-off provision	(134,530)	(193,079)	(179,291)
	66,838	65,663	66,742

APPENDIX I

ACCOUNTANTS’ REPORT

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

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	57,846	65,939	73,575
Set-off with deferred tax liabilities pursuant to set-off provision	(57,846)	(65,939)	(60,848)
	—	—	12,727
Deferred tax liabilities	77,625	66,863	60,848
Set-off with deferred tax assets pursuant to set-off provision	(57,846)	(65,939)	(60,848)
	19,779	924	—

The followings are the major deferred tax assets and liabilities recognised and movements thereon before offsetting during each of the reporting period:

The Group

Deferred Tax Assets	Expected credit losses RMB'000	Net realisable value RMB'000	Financial assets at FVTPL RMB'000	Government grants RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000	Impairment loss on property, plant and equipment RMB'000	Unrealised intercompany profits RMB'000	Total RMB'000
As at 1 January 2023	64,995	12,293	45	64,718	19,791	—	—	49,509	211,351
Credit/(charged) to profit or loss (Note 14(a))	48,270	6,443	12	8,907	73,938	—	—	(12,152)	125,418
As at 31 December 2023 and 1 January 2024	113,265	18,736	57	73,625	93,729	—	—	37,357	336,769
Credit/(charged) to profit or loss (Note 14(a))	19,827	4,237	(57)	(7,606)	67,128	1,002	—	10,906	95,437
As at 31 December 2024 and 1 January 2025	133,092	22,973	—	66,019	160,857	1,002	—	48,263	432,206
Acquired through business combinations (Note 42)	3,393	496	—	171	5,433	—	729	—	10,222
Credit/(charged) to profit or loss (Note 14(a))	7,729	5,023	—	2,377	(15,004)	(1,002)	(729)	(377)	(1,983)
As at 31 December 2025	144,214	28,492	—	68,567	151,286	—	—	47,886	440,445

APPENDIX I

ACCOUNTANTS’ REPORT

The Group

Deferred Tax Liabilities	Accelerated depreciation of property, plant and equipment RMB'000	Convertible bonds RMB'000	Right-of-use assets RMB'000	Appreciation of assets under business combinations RMB'000	Total RMB'000
As at 1 January 2023	83,158	19,732	19,470	10,033	132,393
Charged/(credit) to profit or loss (Note 14(a))	8,634	(11,870)	73,040	(829)	68,975
As at 31 December 2023 and 1 January 2024	91,792	7,862	92,510	9,204	201,368
Charged/(credit) to profit or loss (Note 14(a))	7,330	(7,862)	58,735	(829)	57,374
As at 31 December 2024 and 1 January 2025	99,122	—	151,245	8,375	258,742
Acquired through business combinations (Note 42)	—	—	5,473	9,469	14,942
Credit to profit or loss (Note 14(a))	(6,829)	—	(18,792)	(2,030)	(27,651)
As at 31 December 2025	92,293	—	137,926	15,814	246,033

The Company

Deferred Tax Assets	Expected credit losses RMB'000	Net realisable value RMB'000	Government grants RMB'000	Convertible bonds RMB'000	Total RMB'000
As at 1 January 2023	27,901	4,112	14,901	—	46,914
Credit to profit or loss	4,288	3,977	2,667	—	10,932
As at 31 December 2023 and 1 January 2024	32,189	8,089	17,568	—	57,846
Credit/(charged) to profit or loss	8,060	640	(1,609)	1,002	8,093
As at 31 December 2024 and 1 January 2025	40,249	8,729	15,959	1,002	65,939
Credit/(charged) to profit or loss	6,642	(217)	2,213	(1,002)	7,636
As at 31 December 2025	46,891	8,512	18,172	—	73,575

The Company

Deferred Tax Liabilities	Accelerated depreciation of property, plant and equipment RMB'000	Convertible bonds RMB'000	Total RMB'000
As at 1 January 2023	62,872	19,732	82,604
Charged/(credit) to profit or loss	6,891	(11,870)	(4,979)
As at 31 December 2023 and 1 January 2024	69,763	7,862	77,625
Credit to profit or loss	(2,900)	(7,862)	(10,762)
As at 31 December 2024 and 1 January 2025	66,863	—	66,863
Credit to profit or loss	(6,015)	—	(6,015)
As at 31 December 2025	60,848	—	60,848

APPENDIX I

ACCOUNTANTS’ REPORT

24 INVENTORIES

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	417,047	528,153	653,277
Consumables	28,926	26,385	18,919
Work in progress	873,843	986,169	1,209,015
Finished goods	2,046,648	2,608,264	3,009,017
Gross carrying amount	3,366,464	4,148,971	4,890,228
Less: write-down	(121,622)	(148,913)	(173,401)
Net carrying amount	3,244,842	4,000,058	4,716,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	119,255	111,631	119,850
Consumables	7,999	3,826	6,056
Work in progress	167,111	173,729	183,306
Finished goods	508,279	557,518	559,336
Gross carrying amount	802,644	846,704	868,548
Less: write-down	(53,924)	(58,193)	(56,749)
	748,720	788,511	811,799

The movement of inventories write-down is as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	77,324	121,622	148,913
Provision (Note 8)	65,402	58,259	68,446
Write off	(21,104)	(30,968)	(43,958)
At the end of the year	121,622	148,913	173,401

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	27,412	53,924	58,193
Provision	29,965	15,652	3,431
Write off	(3,453)	(11,383)	(4,875)
At the end of the year	53,924	58,193	56,749

APPENDIX I

ACCOUNTANTS’ REPORT

25 FINANCIAL INSTRUMENTS BY CATEGORY

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at FVTPL (Note 26)	300,872	1,050,000	450,000
Financial assets at FVOCI			
— Note receivables (Note 29)	1,039,933	2,659,789	4,828,919
Financial assets at amortised cost:			
— Trade receivables (Note 28)	5,006,715	6,425,589	7,325,793
— Note receivables (Note 29)	554,031	24,667	15,798
— Other receivables (excluding prepayments and VAT recoverable) (Note 27)	89,762	80,413	65,811
— Restricted bank deposits (Note 30)	541,429	45,499	518,558
— Cash and cash equivalents (Note 30)	2,313,938	3,942,267	4,701,248
	<u>9,846,680</u>	<u>14,228,224</u>	<u>17,906,127</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— Trade payables (Note 31)	4,066,373	5,136,288	6,654,985
— Note payables (Note 32)	2,855,691	3,198,453	5,716,338
— Other payables and accruals (excluding payroll and welfare payables and other tax payables) (Note 33)	1,365,356	1,026,116	927,146
— Borrowings (Note 34)	4,745,175	4,295,148	4,642,688
— Convertible bonds (Note 35)	2,441,013	2,520,527	—
Lease liabilities (Note 20)	344,362	568,322	558,802
	<u>15,817,970</u>	<u>16,744,854</u>	<u>18,499,959</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at FVTPL (Note 26)	300,000	1,050,000	450,000
Financial assets at FVOCI			
— Note receivables (Note 29)	6,021	232	—
Financial assets at amortised cost:			
— Trade receivables (Note 28)	1,991,981	2,689,653	2,751,660
— Other receivables (excluding prepayments and VAT recoverable) (Note 27)	338,125	149,729	280,002
— Restricted bank deposits (Note 30)	18,556	19,650	7,740
— Cash and cash equivalents (Note 30)	600,119	1,487,368	1,149,615
	<u>3,254,802</u>	<u>5,396,632</u>	<u>4,639,017</u>
Financial liabilities			
Financial liabilities at amortised cost:			
— Trade payables (Note 31)	1,552,594	2,013,272	2,334,239
— Note payables (Note 32)	575,433	760,519	665,379
— Other payables and accruals (excluding payroll and welfare payables and other tax payables) (Note 33)	116,852	167,167	206,435
— Borrowings (Note 34)	3,311,682	3,446,061	3,010,479
— Convertible bonds (Note 35)	2,441,013	2,520,527	—
	<u>7,997,574</u>	<u>8,907,546</u>	<u>6,216,532</u>

APPENDIX I

ACCOUNTANTS’ REPORT

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at FVTPL:

- Debt investments mandatorily measured at FVTPL;
- equity investments that are held for trading; and
- equity investments for which the entity has not elected to recognise fair value gains or losses through OCI.

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
— Unlisted debt investment	—	—	50,000
Current			
— Listed equity investments	872	—	—
— Wealth management products	300,000	1,050,000	400,000
	<u>300,872</u>	<u>1,050,000</u>	<u>400,000</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
— Unlisted debt investment	—	—	50,000
Current			
— Wealth management products	300,000	1,050,000	400,000
	<u>300,000</u>	<u>1,050,000</u>	<u>400,000</u>

Wealth management products represent structured deposits denominated in RMB of several financial institutions in PRC which are linked to fluctuations in foreign currency exchange rates. The wealth management products can be purchased or disposed at any date during the open days. The Group measures the investments at fair value using the present value method. The major assumptions used in the valuation for wealth management products are set out in Note 39.3.

The unlisted debt investment at FVTPL (non-recycling) represent investment in 1.1555% unlisted shares in a private entity established in the PRC, which the investor may required the investee to repurchase its shares in the event of failure to complete listing based on a pre-determined formula of the investee’s share. The fair value is within level 3 of the fair value hierarchy. The major assumptions used in the valuation are set out in Note 39.3.

APPENDIX I

ACCOUNTANTS’ REPORT

27 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	2023 RMB'000	As at 31 December 2024 RMB'000	2025 RMB'000
Non-current			
Prepayments for acquisition of property, plant and equipment			
— Third parties	289,671	217,494	347,030
— Related companies (<i>Note (a)</i>)	2,387	1,781	712
	<u>292,058</u>	<u>219,275</u>	<u>347,742</u>
Current			
Prepayments made to the third-party suppliers	116,414	167,364	225,582
Deposits paid to the third-party suppliers	73,766	74,000	60,826
VAT recoverable	274,194	275,505	641,620
Others	28,933	22,776	25,214
	<u>493,307</u>	<u>539,645</u>	<u>953,242</u>
Less: provision for impairment	<u>(12,937)</u>	<u>(16,363)</u>	<u>(20,229)</u>
	<u><u>480,370</u></u>	<u><u>523,282</u></u>	<u><u>933,013</u></u>

The Company

	2023 RMB'000	2024 RMB'000	2025 RMB'000
Non-current			
Prepayments for acquisition of property, plant and equipment			
— Third parties	46,426	42,224	42,485
— Related companies (<i>Note (a)</i>)	1,433	—	—
	<u>47,859</u>	<u>42,224</u>	<u>42,485</u>
Current			
Prepayments made to the third-party suppliers	19,523	22,107	42,294
Amounts due from subsidiaries (<i>Note (b)</i>)	383,638	207,952	385,975
Deposits paid to third parties	1,209	6,209	1,017
Others	5,166	2,662	3,498
	<u>409,536</u>	<u>238,930</u>	<u>432,784</u>
Less: provision for impairment	<u>(51,888)</u>	<u>(67,094)</u>	<u>(110,488)</u>
	<u><u>357,648</u></u>	<u><u>171,836</u></u>	<u><u>322,296</u></u>

Notes:

- (a) Amounts due from the related companies were unsecured, interest free and repayable on demand.
- (b) As at 31 December 2023, amounts due from subsidiaries comprised: (i) RMB179,705,000 which was unsecured and interest-free; and (ii) RMB152,810,000 which was unsecured and interest-bearing.
- As at 31 December 2024, the amount due from a subsidiary was unsecured and interest-bearing.
- As at 31 December 2025, the amount due from a subsidiary was unsecured and interest-bearing.
- (c) Further details on the Group’s and the Company’s credit policy and credit risk arising from other receivables and deposits paid are set out in Note 39.1(b)(iv).

APPENDIX I

ACCOUNTANTS’ REPORT

28 TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
— Third parties	5,406,458	6,943,077	7,892,376
— Joint ventures	42,829	2,273	1,913
— Related companies	—	1,081	651
Gross carrying amount	5,449,287	6,946,431	7,894,940
Less: provision for impairment	(442,572)	(520,842)	(569,147)
	<u>5,006,715</u>	<u>6,425,589</u>	<u>7,325,793</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
— Third parties	587	659	3,180
— Subsidiaries	2,133,717	2,889,602	2,950,597
— Joint ventures	20,383	—	—
— Related companies	—	621	—
Gross carrying amount	2,154,687	2,890,882	2,953,777
Less: provision for impairment	(162,706)	(201,229)	(202,117)
	<u>1,991,981</u>	<u>2,689,653</u>	<u>2,751,660</u>

The Group’s credit period is generally within 90 days to its customers. As at 31 December 2023, 2024 and 2025, the aging analysis of trade receivables based on invoice date of gross trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	5,358,563	6,750,294	7,676,827
1 to 2 years	59,318	134,988	38,560
2 to 3 years	6,568	32,319	124,744
3 to 4 years	8,412	5,550	28,389
4 to 5 years	1,615	7,152	4,771
Over 5 years	14,811	16,128	21,649
	<u>5,449,287</u>	<u>6,946,431</u>	<u>7,894,940</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,945,978	2,645,270	2,574,145
1 to 2 years	116,038	143,299	266,009
2 to 3 years	51,789	55,892	83,659
3 to 4 years	1,144	20,239	19,944
4 to 5 years	5,396	1,144	688
Over 5 years	34,342	25,038	9,332
	<u>2,154,687</u>	<u>2,890,882</u>	<u>2,953,777</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Movements in impairment allowance on trade receivables were as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
As at 1 January	248,326	442,572	520,842
Provision (<i>Note 12</i>)	194,247	78,270	34,265
Reversal of impairment loss (<i>Note 12</i>)	—	—	(1,752)
Written off	(1)	—	—
Others	—	—	15,792
As at 31 December	<u>442,572</u>	<u>520,842</u>	<u>569,147</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
As at 1 January	166,345	162,706	201,229
Provision	—	38,523	888
Reversal of impairment loss	(3,639)	—	—
Written off	—	—	—
As at 31 December	<u>162,706</u>	<u>201,229</u>	<u>202,117</u>

Further details on the Group’s and the Company’s credit policy and credit risk arising from trade receivables are set out in Note 39.1(b)(ii).

29 NOTE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Note receivables at amortised cost	557,248	25,965	16,630
Note receivables at FVOCI	<u>1,039,933</u>	<u>2,659,789</u>	<u>4,828,919</u>
Gross carrying amount	<u>1,597,181</u>	<u>2,685,754</u>	<u>4,845,549</u>
Less: provision for impairment	<u>(3,217)</u>	<u>(1,298)</u>	<u>(832)</u>
	<u>1,593,964</u>	<u>2,684,456</u>	<u>4,844,717</u>
Note receivables at FVOCI	1,411,057	4,871,024	10,062,877
Endorsed and derecognised	(371,124)	(825,426)	(4,324,498)
Discounted and derecognised	—	(1,385,809)	(909,460)
	<u>1,039,933</u>	<u>2,659,789</u>	<u>4,828,919</u>

Transfers of financial assets

As at 31 December 2023, 2024 and 2025, the Group (i) endorsed certain note receivables accepted by banks in the PRC (the “**Endorsed Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB371,124,000, RMB825,426,000 and RMB4,324,498,000, respectively; and (ii) discounted certain note receivables to banks in the PRC for raising of cash (the “**Discounted Bills**”) with a carrying amount in aggregate of Nil, RMB1,385,809,000 and RMB909,460,000, respectively. The Endorsed Bills and Discounted Bills had a maturity of one to twelve months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills and Discounted Bills have a right of recourse against the Group if the banks default (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Endorsed Bills and Discounted Bills in the absence of a default of the accepted banks is remote to the extent of RMB371,124,000, RMB2,211,235,000 and RMB5,233,958,000 as at 31 December 2023, 2024 and 2025, respectively, and the Group has transferred substantially all risks and rewards relating to such Endorsed Bills and Discounted Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB371,124,000, RMB825,426,000 and RMB4,324,498,000 and the associated trade payable of the same amount and Discounted Bills of Nil, RMB1,385,809,000 and RMB909,460,000 (collectively the “**Derecognised Bills**”).

APPENDIX I

ACCOUNTANTS’ REPORT

The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Certain note receivables were pledged to secure note payables issued by the Group (Note 43).

Further details on the Group’s credit policy and credit risk arising from note receivables are set out in Note 39.1(b)(iii).

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Note receivables at FVOCI	6,021	232	—
Gross carrying amount	6,021	232	—
Less: provision for impairment	—	—	—
	6,021	232	—
Note receivables at FVOCI	42,917	232	516
Endorsed and derecognised	(36,896)	—	(516)
	6,021	232	—

Transfers of financial assets

As at 31 December 2023, 2024 and 2025, the Company endorsed certain note receivable accepted by banks in the PRC (the “**Endorsed Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB36,896,000, Nil and RMB516,000, respectively. The Endorsed Bills had a maturity of one to twelve months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Bills have a right of recourse against the Company if the banks default (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Company being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of RMB36,896,000, Nil and RMB516,000 as at 31 December 2023, 2024 and 2025, respectively, and the Company has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB36,896,000, Nil and RMB516,000 (the “**Derecognised Bills**”) and the associated trade payable of the same amount. The maximum exposure to loss from the Company’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Company’s Continuing Involvement in the Derecognised Bills are not significant.

Certain note receivables were pledged to secure note payables issued by the Company (Note 43).

Further details on the Company’s credit policy and credit risk arising from note receivables are set out in Note 39.1(b)(iii).

30 CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents (Note (a))	2,313,938	3,942,267	4,701,248
Restricted bank deposits (Note (b))	541,429	45,499	518,558

APPENDIX I

ACCOUNTANTS’ REPORT

The carrying amounts of the Group’s cash and cash equivalents and restricted bank deposits are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	2,403,364	3,105,237	4,215,437
USD	272,871	151,035	435,349
Canadian Dollar	61,746	68,246	62,905
Polish Zloty	68,702	166,190	127,149
EUR	5,999	174,073	38,206
Mexican Peso	18,592	292,661	327,187
Others	24,093	30,324	13,573
	<u>2,855,367</u>	<u>3,987,766</u>	<u>5,219,806</u>

The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes:

- At the end of each reporting period, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates ranging from 0.20% to 2.70%, 0.15% to 2.70% and 0.05% to 1.75% per annum as at 31 December 2023, 2024 and 2025.
- During the Track Record Period, the restricted bank deposits mainly consist of bank acceptance bill deposits and borrowing deposits placed in several financial institutions as security for issuance of note payables and letter of guarantee. The restricted bank deposits carried interest at prevailing market rates ranging from 0.20% to 0.35%, 0.15% to 0.35% and 0.15% to 0.35% per annum as at 31 December 2023, 2024 and 2025.
- Further details on the Group’s credit policy and credit risk arising from cash and cash equivalents and restricted bank deposits are set out in Note 39.1(b)(i).

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents (Note (a))	<u>600,119</u>	<u>1,487,368</u>	<u>1,149,615</u>
Restricted bank deposits (Note (b))	<u>18,556</u>	<u>19,650</u>	<u>7,740</u>

The carrying amounts of the Company’s cash and cash equivalents and restricted bank deposits are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	618,675	1,503,620	1,157,355
EUR	—	3,398	—
	<u>618,675</u>	<u>1,507,018</u>	<u>1,157,355</u>

The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Company is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes:

- At the end of each reporting period, cash and bank balances of the Company comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates ranging from 0.20% to 2.70%, 0.15% to 2.70% and 0.05% to 1.75% per annum as at 31 December 2023, 2024 and 2025.
- As at 31 December 2023, 2024 and 2025, restricted bank deposits represented deposit placed in banks as security for issuance of note payables. The restricted bank deposits carried interest at prevailing market rates ranging from 0.20% to 0.35%, 0.15% to 0.35% and 0.15% to 0.35% per annum as at 31 December 2023, 2024 and 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

- (c) Further details on the Company’s credit policy and credit risk arising from cash and cash equivalents and restricted bank deposits are set out in Note 39.1(b)(i).

31 TRADE PAYABLES

The credit period provided by suppliers to the Group and Company is generally within 90 days. As at 31 December 2023, 2024 and 2025, the aging analysis of the trade payables based on transaction date are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
— Third parties	4,062,191	5,132,900	6,631,994
— Joint ventures	3,009	587	5,044
— Related companies	1,173	2,801	17,947
	<u>4,066,373</u>	<u>5,136,288</u>	<u>6,654,985</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
— Third parties	1,405,525	1,650,976	1,645,908
— Subsidiaries	147,069	361,686	676,771
— Joint ventures	—	233	142
— Related companies	—	377	11,418
	<u>1,552,594</u>	<u>2,013,272</u>	<u>2,334,239</u>

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Up to 1 year	4,044,992	5,115,289	6,625,257
1 to 2 years	14,256	10,190	21,337
2 to 3 years	4,657	4,111	2,200
Over 3 years	2,468	6,698	6,191
	<u>4,066,373</u>	<u>5,136,288</u>	<u>6,654,985</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Up to 1 year	1,549,707	2,005,536	2,308,989
1 to 2 years	533	5,374	18,885
2 to 3 years	1,066	260	4,651
Over 3 years	1,288	2,102	1,714
	<u>1,552,594</u>	<u>2,013,272</u>	<u>2,334,239</u>

APPENDIX I

ACCOUNTANTS’ REPORT

32 NOTE PAYABLES

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Note payables	2,855,691	3,198,453	5,716,338

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Note payables	575,433	760,519	665,379

As at 31 December 2023, 2024 and 2025, certain of the Group’s note payables were secured by certain of the Group’s restricted bank deposits and note receivables. Details of the Group’s assets pledged for the Group’s note payables are disclosed in Note 43.

As at 31 December 2023, 2024 and 2025, certain of the Company’s note payables were secured by certain of the Company’s restricted bank deposits and note receivables. Details of the Company’s assets pledged for the Company’s note payables are disclosed in Note 43.

These relate to trade payables in which the Group and the Company have issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group and the Company continue to recognise these trade payables as the Group and the Company are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statements of cash flows, settlements of these bills by the Group and the Company are included within operating cash flows based on the nature of the arrangements.

33 OTHER PAYABLES AND ACCRUALS

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	353,499	391,032	468,463
Payables for construction cost and purchase of equipment	1,330,459	969,875	882,309
Amounts due to related companies (Note (a))	10,206	34,082	23,837
Other tax payables	144,618	164,488	182,666
Others	24,691	22,159	21,000
	1,863,473	1,581,636	1,578,275

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	116,635	135,586	150,409
Payables for construction cost and purchase of equipment	110,833	160,680	195,364
Other tax payables	50,051	47,092	44,740
Others	5,399	6,487	11,071
Amounts due to subsidiaries (Note (b))	620	—	—
	283,538	349,845	401,584

Notes:

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

APPENDIX I

ACCOUNTANTS’ REPORT

34 BORROWINGS

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Secured and unguaranteed bank borrowings (<i>Note a</i>)	1,540,384	1,498,892	1,460,258
Unsecured and unguaranteed bank borrowings	3,204,791	2,796,256	3,182,430
Total	4,745,175	4,295,148	4,642,688

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Secured and unguaranteed bank borrowings (<i>Note a</i>)	1,501,300	1,498,892	1,360,203
Unsecured and unguaranteed bank borrowings	1,810,382	1,947,169	1,650,276
Total	3,311,682	3,446,061	3,010,479

Notes:

- (a) Secured and unguaranteed bank borrowings were secured by property, plant and equipment, right-of-use assets and investment properties. Details of the Group’s and the Company’s assets pledged for the borrowings are disclosed in Note 43.
- (b) The Group has complied with all financial covenants under its loan agreements, and there were no breaches or waivers during the Track Record Period.

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

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount repayable:			
On demand or within one year	2,239,051	2,846,277	4,417,572
More than one year, but not exceeding two years	2,409,728	1,399,662	225,116
More than two years, but not exceeding five years	55,441	34,863	—
More than five years	40,955	14,346	—
	4,745,175	4,295,148	4,642,688
Less: amounts due within one year shown under current liabilities	(2,239,051)	(2,846,277)	(4,417,572)
Amounts shown under non-current liabilities	2,506,124	1,448,871	225,116

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount repayable:			
On demand or within one year	1,341,682	2,248,561	2,810,479
More than one year, but not exceeding two years	1,970,000	1,197,500	200,000
	3,311,682	3,446,061	3,010,479
Less: amounts due within one year shown under current liabilities	(1,341,682)	(2,248,561)	(2,810,479)
Amounts shown under non-current liabilities	1,970,000	1,197,500	200,000

APPENDIX I

ACCOUNTANTS’ REPORT

The interest rate profile of the borrowings are as follows:

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	2,661,084	1,806,062	1,805,222
Variable-rate borrowings	<u>2,084,091</u>	<u>2,489,086</u>	<u>2,837,466</u>
Total	<u>4,745,175</u>	<u>4,295,148</u>	<u>4,642,688</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	2,240,789	1,677,117	1,444,988
Variable-rate borrowings	<u>1,070,893</u>	<u>1,768,944</u>	<u>1,565,491</u>
Total	<u>3,311,682</u>	<u>3,446,061</u>	<u>3,010,479</u>

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

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	1.20% to 3.40%	2.00% to 2.90%	2.11% to 2.80%
Variable-rate borrowings	<u>2.50% to 3.30%</u>	<u>2.10% to 3.30%</u>	<u>2.10% to 3.30%</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	2.65% to 3.40%	2.00% to 2.85%	2.11% to 2.80%
Variable-rate borrowings	<u>2.50% to 3.10%</u>	<u>2.10% to 2.70%</u>	<u>2.10% to 2.50%</u>

The amount of banking facilities and the facilities available for use as at 31 December 2023, 2024 and 2025 are set out as follows:

The Group

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Maximum amounts under banking facilities	7,971,240	7,457,400	7,619,000
Facilities amount available for use	<u>445,987</u>	<u>199,987</u>	<u>185,987</u>

The Company

	2023	As at 31 December 2024	2025
	RMB'000	RMB'000	RMB'000
Maximum amounts under banking facilities	5,797,000	5,097,900	5,038,000
Facilities amount available for use	<u>348,000</u>	<u>114,000</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

35 CONVERTIBLE BONDS

The Group and the Company

	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Liability component as at 1 January	2,359,755	2,441,013	2,520,527
Interest accrual (<i>Note 13</i>)	86,478	89,545	14,893
Conversion into ordinary shares	(220)	(31)	(2,525,626)
Early repurchase by the Company	—	—	(9,756)
Interest paid	(5,000)	(10,000)	(38)
Liability component as at 31 December	<u>2,441,013</u>	<u>2,520,527</u>	<u>—</u>

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

Name of bonds	Principal amount	Issue date	Maturity dates
Tuopu Convertible Bond 2022	RMB2,500,000,000	14 July 2022	13 July 2028

Tuopu Convertible Bond 2022

On 14 July 2022, the Company issued 25 million convertible bonds for an aggregate principal amount of RMB2,500 million. The interest rate of the convertible bonds is as below:

First year: 0.20%
Second year: 0.40%
Third year: 0.60%
Fourth year: 1.50%
Fifth year: 1.80%
Sixth year: 2.00%

The Convertible bonds will be mature in six years from the issue date and can be convertible to ordinary shares of the Company at the holder’s option at the conversion price during the period from 20 January 2023 to the maturity date of the convertible bonds.

The initial fair value of the liability component of the convertible bonds was determined using a market interest rate for a similar liability that does not have an equity conversion option at the issue date. The liability is subsequently recognised on an amortised cost basis using the effective interest method until extinguished on conversion or maturity of the convertible bonds. The remainder of the proceeds is allocated to the conversion option and recognised in equity, and not subsequently remeasured.

During their conversion period, if the closing prices of the Company’s A-shares are no less than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, the Company is entitled to repurchase all or part of the outstanding convertible bonds at their par value plus the outstanding accrued interest. During the year ended 31 December 2025, the repurchase conditions were triggered, and on 14 March 2025, the Company completed the repurchase of the outstanding convertible bonds. The convertible bonds were subsequently delisted from the Shanghai Stock Exchange.

36 DEFERRED INCOME

The Group

	RMB'000
At 1 January 2023	367,154
Additions during the year	92,485
Recognised in profit or loss (<i>Note 10</i>)	<u>(35,416)</u>
At 31 December 2023 and 1 January 2024	424,223
Additions during the year	29,292
Recognised in profit or loss (<i>Note 10</i>)	<u>(45,494)</u>
At 31 December 2024 and 1 January 2025	408,021
Additions during the year	62,325
Acquired through business combinations (<i>Note 42</i>)	1,265
Recognised in profit or loss (<i>Note 10</i>)	<u>(48,698)</u>
At 31 December 2025	<u>422,913</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	<i>RMB’000</i>
At 1 January 2023	99,343
Additions during the year	32,385
Recognised in profit or loss	<u>(14,603)</u>
At 31 December 2023 and 1 January 2024	117,125
Additions during the year	5,000
Recognised in profit or loss	<u>(15,729)</u>
At 31 December 2024 and 1 January 2025	106,396
Additions during the year	32,625
Recognised in profit or loss	<u>(17,872)</u>
At 31 December 2025	<u>121,149</u>

Note: Government grants mainly comprise incentives provided by local authorities for acquisition of plant and equipment. The amounts received are treated as deferred income and will be released to profit or loss over the estimated useful lives of the underlying plant and equipment. There are no unfulfilled obligations for the recognised income at the end of each reporting period.

37 SHARE CAPITAL

The Group and Company

	Number of registered, issued and fully paid ordinary shares '000	Equivalent nominal value of shares <i>RMB’000</i>
As at 1 January 2023	1,102,047	1,102,047
Exercise of conversion option of convertible bonds	<u>3</u>	<u>3</u>
As at 31 December 2023 and 1 January 2024	1,102,050	1,102,050
Issue of new shares by private placement (<i>Note (a)</i>)	60,726	60,726
Conversion of capital reserve into share capital (<i>Note (b)</i>)	523,249	523,249
Exercise of conversion option of convertible bonds	<u>1</u>	<u>1</u>
As at 31 December 2024 and 1 January 2025	1,686,026	1,686,026
Exercise of conversion option of convertible bonds	<u>51,810</u>	<u>51,810</u>
As at 31 December 2025	<u>1,737,836</u>	<u>1,737,836</u>

Notes:

- (a) On 29 June 2023, the Company obtained approval from the China Securities Regulatory Commission to conduct a private placement of new A shares, which was completed in January 2024. The Company issued a total of 60,726,104 new A-share to 14 subscribers with the issued price of RMB57.88 per share. The Company received a total of RMB3,498,438,000 after deducting transaction costs of RMB16,389,000. Accordingly, the Company recognised share capital of RMB60,726,000 and share premium of RMB3,437,712,000.
- (b) On 22 April 2024, the board of directors of the Company proposed to issue shares to the shareholders of the Company whose names appear on the register of members of the Company on the [REDACTED] on the basis of 4.5 bonus share for every 10 existing ordinary shares held by the Company’s shareholders by capitalising the capital reserves of the Company (the “**Bonus Issue**”). The Bonus Issue was approved by the Company’s shareholders on 24 June 2024. Accordingly, 523,249,176 bonus shares were issued by the Company on 19 July 2024.

APPENDIX I

ACCOUNTANTS’ REPORT

38 RESERVE

Below table sets out the details of the reserves of the Company:

The Company

	Conversion option of convertible bonds RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2023	143,214	5,340,799	631,485	3,812,658	9,928,156
Profit for the year	—	—	—	754,591	754,591
Other comprehensive income for the year, net of tax	—	—	—	—	—
Total comprehensive income for the year	—	—	—	754,591	754,591
Exercise of conversion option of convertible bonds	(13)	230	—	—	217
Appropriation to statutory reserve	—	—	75,459	(75,459)	—
Dividends (<i>Note 46(b)</i>)	—	—	—	(510,248)	(510,248)
As at 31 December 2023	<u>143,201</u>	<u>5,341,029</u>	<u>706,944</u>	<u>3,981,542</u>	<u>10,172,716</u>
As at 1 January 2024	143,201	5,341,029	706,944	3,981,542	10,172,716
Profit for the year	—	—	—	1,151,055	1,151,055
Other comprehensive income for the year, net of tax	—	—	—	—	—
Total comprehensive income for the year	—	—	—	1,151,055	1,151,055
Issue of new shares by private placement	—	3,437,712	—	—	3,437,712
Exercise of conversion option of convertible bonds	(2)	32	—	—	30
Conversion of capital reserve into share capital	—	(523,249)	—	—	(523,249)
Appropriation to statutory reserve	—	—	115,106	(115,106)	—
Dividends (<i>Note 46(b)</i>)	—	—	—	(646,503)	(646,503)
As at 31 December 2024	<u>143,199</u>	<u>8,255,524</u>	<u>822,050</u>	<u>4,370,988</u>	<u>13,591,761</u>
As at 1 January 2025	143,199	8,255,524	822,050	4,370,988	13,591,761
Profit for the year	—	—	—	2,177,193	2,177,193
Other comprehensive income for the year, net of tax	—	—	—	—	—
Total comprehensive income for the year	—	—	—	2,177,193	2,177,193
Exercise of conversion option of convertible bonds	(143,199)	2,617,015	—	—	2,473,816
Appropriation to statutory reserve	—	—	217,719	(217,719)	—
Dividends (<i>Note 46(b)</i>)	—	—	—	(901,937)	(901,937)
As at 31 December 2025	<u>—</u>	<u>10,872,539</u>	<u>1,039,769</u>	<u>5,428,525</u>	<u>17,340,833</u>

APPENDIX I

ACCOUNTANTS’ REPORT

a) Capital reserves

Capital reserves represent the amount subscribed for share capital in excess of nominal value.

b) Statutory reserve

In accordance with the Company Law of the PRC, the entities registered in the PRC are required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory reserve until the balance of the reserve fund reaches 50% of the entity’s registered capital. The statutory reserve can be utilised to offset prior years’ losses or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of registered capital.

c) Retained earnings

It represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

39 FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

The Group

	USD RMB'000	Other foreign currencies RMB'000	Total RMB'000
As at 31 December 2023			
Cash and cash equivalents	272,871	179,132	452,003
Trade receivables	530,456	411,938	942,394
Other receivables	17,549	13,483	31,032
Trade payables	(61,395)	(106,255)	(167,650)
Other payables and accruals	(1,617)	(8,174)	(9,791)
Net exposure to foreign exchange risk	<u>757,864</u>	<u>490,124</u>	<u>1,247,988</u>
As at 31 December 2024			
Cash and cash equivalents	151,035	731,494	882,529
Trade receivables	530,023	477,341	1,007,364
Other receivables	26,340	27,952	54,292
Trade payables	(74,735)	(115,437)	(190,172)
Other payables and accruals	(3,796)	(4,859)	(8,655)
Net exposure to foreign exchange risk	<u>628,867</u>	<u>1,116,491</u>	<u>1,745,358</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	USD RMB'000	Other foreign currencies RMB'000	Total RMB'000
As at 31 December 2025			
Cash and cash equivalents	435,349	569,020	1,004,369
Trade receivables	1,238,827	568,535	1,807,362
Other receivables	14,383	17,970	32,353
Trade payables	(171,633)	(265,823)	(437,456)
Other payables and accruals	(114)	(592)	(706)
Borrowings	—	(299,256)	(299,256)
Net exposure to foreign exchange risk	<u>1,516,812</u>	<u>589,854</u>	<u>2,106,666</u>

The Company

	USD RMB'000	Other foreign currencies RMB'000	Total RMB'000
As at 31 December 2023			
Trade payables	(1,438)	(22)	(1,460)
Other payables and accruals	<u>(1,077)</u>	<u>(318)</u>	<u>(1,395)</u>
Net exposure to foreign exchange risk	<u>(2,515)</u>	<u>(340)</u>	<u>(2,855)</u>
As at 31 December 2024			
Cash and cash equivalents	—	3,398	3,398
Trade payables	(2,417)	(3,238)	(5,655)
Other payables and accruals	<u>(3,299)</u>	<u>(318)</u>	<u>(3,617)</u>
Net exposure to foreign exchange risk	<u>(5,716)</u>	<u>(158)</u>	<u>(5,874)</u>
As at 31 December 2025			
Trade payables	<u>(97,994)</u>	<u>(182)</u>	<u>(98,176)</u>
Net exposure to foreign exchange risk	<u>(97,994)</u>	<u>(182)</u>	<u>(98,176)</u>

The following table illustrates the sensitivity of the Group’s and the Company’s profit for the year and retained earnings regarding a 5% appreciation in the functional currencies of the Group’s entities against the foreign currencies. These rates are the rates used when reporting foreign exchange risk internally to key management personnel and represents management’s best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group’s and the Company’s exposure to foreign exchange risk at the end of the year has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of each reporting period and held constant throughout the respective reporting period.

The Group

	Decrease in profit before income tax		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	37,893	31,443	75,841
Other foreign currencies	<u>24,506</u>	<u>55,825</u>	<u>29,493</u>
	<u>62,399</u>	<u>87,268</u>	<u>105,334</u>

The Company

	Increase in profit before income tax		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
USD	(126)	(286)	(4,900)
Other foreign currencies	<u>(17)</u>	<u>(8)</u>	<u>(9)</u>
	<u>(143)</u>	<u>(294)</u>	<u>(4,909)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Interest rate risk

The Group and the Company’s interest rate risk primarily arises from borrowings, convertible bonds, financial assets at FVTPL, cash and cash equivalents, and restricted bank deposits. Those carried at floating rates expose the Group and the Company to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 34.

The Group and the Company regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate risk. When necessary, the Group utilises interest rate swap instruments to hedge interest rate risk.

Sensitivity analysis is performed by management to assess the exposure of the Group’s and the Company’s financial instruments to cash flow interest rate risk at the end of each reporting period. If interest rates had been 100 basis points higher/lower for variable-rate financial instruments, with all other variables held constant as at 31 December 2023, 2024 and 2025, the Group’s profit before income tax would decrease by approximately RMB9,830,000, increase by approximately RMB35,962,000 and RMB6,625,000, respectively, and the Company’s profit before income tax would decrease by approximately RMB2,083,000, increase by approximately RMB17,248,000 and decrease by approximately RMB7,569,000, respectively. Management considers that a 100 basis point movement is a reasonable estimate of possible changes in the interest rate for the next year.

(b) Credit risk

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

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

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

(ii) Credit risk of trade receivables

Before accepting any new customers, the Group and the Company applies an internal credit assessment policy to evaluate the potential customer’s credit quality. Management closely monitors the credit quality of the customers and considers that the customers to be of good credit quality with strong financial position and no history of defaults.

Management has assessed the credit quality of customers on a case-by-case basis, taking into account of the financial positions, historical record, amounts and timing of expected receipts and other factors. The Group and the Company has reviewed the credit risk exposure and the customers’ expected pattern of settlement at each reporting date. The Group and the Company does not have significant concentration of credit risk in industries or countries in which the customers operate. As at 31 December 2023, 2024 and 2025, 73%, 74% and 71% of the total trade receivables was due from the Group’s largest 5 debtors, respectively; while 64%, 66% and 54% of the total trade receivables was due from the Company’s largest 5 debtors, respectively

The Group and the Company applies the IFRS 9 simplified approach in calculating ECLs for trade receivables. Few customers of the Group which had an aggregate gross carrying amount of approximately RMB166,439,000, RMB171,147,000 and RMB169,612,000 as at 31 December 2023, 2024 and 2025, respectively were assessed for allowance for credit losses individually. The management assessed for the allowance for lifetime ECL by estimating default rate taking into account historical and forward-looking information. For customer subjected to individual assessment, the management has fully provided for impairment during the Track Record Period.

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

The Group

Collectively assessed:	As at 31 December 2023		Expected loss rate %
	Gross amount RMB'000	Loss allowance RMB'000	
The PRC customers:			
Not yet past due	3,302,980	127,183	3.85
Past due within 1 year	661,615	97,257	14.70
Past due 1–2 years	36,974	18,376	49.70
Past due 2–3 years	874	693	79.29
Past due over 3 years	7,176	7,176	100.00
	<u>4,009,619</u>	<u>250,685</u>	
Overseas customers:			
Not yet past due	996,011	5,976	0.60
Past due within 1 year	254,065	2,795	1.10
Past due 1–2 years	7,962	2,492	31.30
Past due 2–3 years	4,529	3,523	77.79
Past due over 3 years	10,662	10,662	100.00
	<u>1,273,229</u>	<u>25,448</u>	
	<u>5,282,848</u>	<u>276,133</u>	

The Company

Collectively assessed:	As at 31 December 2023		Expected loss rate %
	Gross amount RMB'000	Loss allowance RMB'000	
The PRC customers:			
Not yet past due	2,138,850	159,215	7.44
Past due within 1 year	15,819	3,480	22.00
Past due 1–2 years	18	11	61.11
Past due 2–3 years	—	—	N/A
Past due over 3 years	—	—	N/A
	<u>2,154,687</u>	<u>162,706</u>	

The Group

Collectively assessed:	As at 31 December 2024		Expected loss rate %
	Gross amount RMB'000	Loss allowance RMB'000	
The PRC customers:			
Not yet past due	4,957,356	198,345	4.00
Past due within 1 year	579,475	97,932	16.90
Past due 1–2 years	5,688	2,912	51.20
Past due 2–3 years	22,337	18,138	81.20
Past due over 3 years	5,313	5,313	100.00
	<u>5,570,169</u>	<u>322,640</u>	
Overseas customers:			
Not yet past due	820,503	6,564	0.80
Past due within 1 year	367,955	5,151	1.40
Past due 1–2 years	1,018	325	31.93
Past due 2–3 years	2,900	2,276	78.48
Past due over 3 years	12,739	12,739	100.00
	<u>1,205,115</u>	<u>27,055</u>	
	<u>6,775,284</u>	<u>349,695</u>	

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

As at 31 December 2024

Collectively assessed:	Gross amount RMB'000	Loss allowance RMB'000	Expected loss rate %
The PRC customers:			
Not yet past due	2,890,208	201,092	6.96
Past due within 1 year	670	134	20.00
Past due 1–2 years	—	—	N/A
Past due 2–3 years	4	3	75.00
Past due over 3 years	—	—	N/A
	<u>2,890,882</u>	<u>201,229</u>	

The Group

As at 31 December 2025

Collectively assessed:	Gross amount RMB'000	Loss allowance RMB'000	Expected loss rate %
The PRC customers:			
Not yet past due	6,165,212	206,786	3.35
Past due within 1 year	692,903	108,093	15.60
Past due 1–2 years	23,447	12,005	51.20
Past due 2–3 years	1,593	1,294	81.23
Past due over 3 years	<u>4,522</u>	<u>4,522</u>	100.00
	<u>6,887,677</u>	<u>332,700</u>	
Overseas customers:			
Not yet past due	599,445	4,796	0.80
Past due within 1 year	157,593	2,206	1.40
Past due 1–2 years	12,949	4,131	31.90
Past due 2–3 years	55,635	43,673	78.50
Past due over 3 years	<u>12,029</u>	<u>12,029</u>	100.00
	<u>837,651</u>	<u>66,835</u>	
	<u>7,725,328</u>	<u>399,535</u>	

The Company

As at 31 December 2025

Collectively assessed:	Gross amount RMB'000	Loss allowance RMB'000	Expected loss rate %
The PRC customers:			
Not yet past due	2,951,730	201,693	6.83
Past due within 1 year	1,881	339	18.02
Past due 1–2 years	162	81	50.00
Past due 2–3 years	—	—	N/A
Past due over 3 years	<u>4</u>	<u>4</u>	100.00
	<u>2,953,777</u>	<u>202,117</u>	

APPENDIX I

ACCOUNTANTS’ REPORT

(iii) Credit risk of note receivables

Note receivables comprise bank acceptance bills and commercial acceptance bills. For bank acceptance bills, the issuers are reputable banks with high credit ratings and strong credit quality. Based on the Group and the Company’s credit risk assessment, the credit risk associated with these bank acceptance bills is considered insignificant. Consequently, no loss allowance has been recognised for bank acceptance bills at the end of each reporting period. For commercial acceptance bills, the Group estimates ECL using an ECL rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The ECL rates applied for the Group were 0.6%, 5.0% and 5.0% for the year ended 31 December 2023, 2024 and 2025 respectively. As a result, the Group recognised an impairment loss of RMB528,000, a reversal of impairment loss of RMB1,919,000 and a reversal of impairment loss of RMB7,439,000 for the respective reporting periods. The Group monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors. No significant increase in credit risk was identified for the note receivables during the reporting periods.

Movement of loss allowance for note receivables are as follows:

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss allowance			
At the beginning of the year	2,689	3,217	1,298
Provision for/(reversal of) impairment loss recognised, net	528	(1,919)	(7,439)
Others	—	—	6,973
At the end of the year	<u>3,217</u>	<u>1,298</u>	<u>832</u>

(iv) Credit risk of other receivables and deposits

The Group

Other receivables and deposits subject to credit risk mainly comprise amounts due from the related companies, amounts due from the third parties and deposits paid. The management of the Group makes periodic individual assessment on the recoverability of amount due from the related companies, amount due from the third parties and deposits paid based on quantitative and qualitative information that is reasonable and supportable, including historical settlement records, past experiences and forward-looking information. The Group measures credit risk using probability of default, exposure at default and loss given default.

For impairment on amount due from the related companies, amount due from the third parties and deposits paid, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in “Stage 1” and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to “Stage 2” but is not yet deemed to be credit-impaired, the expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to “Stage 3” and the expected credit loss is measured as lifetime expected credit loss.

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

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss allowance			
At the beginning of the year	11,021	12,937	16,363
Provision for impairment loss recognised, net	1,916	3,426	3,361
Others	—	—	505
At the end of the year	<u>12,937</u>	<u>16,363</u>	<u>20,229</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

Other receivables and deposits subject to credit risk mainly comprise amounts due from subsidiaries, amounts due from the related companies, amounts due from the third parties and deposits paid. The management of the Company makes periodic individual assessment on the recoverability of amounts due from subsidiaries, amounts due from the related companies, amounts due from the third parties and deposits paid based on quantitative and qualitative information that is reasonable and supportable, including historical settlement records, past experiences and forward-looking information. The Company measures credit risk using probability of default, exposure at default and loss given default.

For impairment on amounts due from subsidiaries, amounts due from the related parties, amounts due from the third parties and deposits paid, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in “Stage 1” and the expected credit losses are measured as 12-month expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to “Stage 2” but is not yet deemed to be credit-impaired, the expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to “Stage 3” and the expected credit loss is measured as lifetime expected credit loss.

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

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss allowance			
At the beginning of the year	19,662	51,888	67,094
Provision for impairment loss recognised, net	32,226	15,206	43,394
At the end of the year	51,888	67,094	110,488

(c) Liquidity risk

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

The Group

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or repayable on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023						
Trade payables	4,066,373	4,066,373	4,066,373	—	—	—
Note payables	2,855,691	2,855,691	2,855,691	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	1,365,356	1,365,356	1,365,356	—	—	—
Borrowings (including interest accrual up to maturity)	4,745,175	4,893,234	2,356,279	2,432,002	62,185	42,768
Convertible bonds	2,441,013	2,857,240	9,999	14,999	2,832,242	—
Lease liabilities	344,362	405,286	60,965	65,698	136,789	141,834
	<u>15,817,970</u>	<u>16,443,180</u>	<u>10,714,663</u>	<u>2,512,699</u>	<u>3,031,216</u>	<u>184,602</u>
As at 31 December 2024						
Trade payables	5,136,288	5,136,288	5,136,288	—	—	—
Note payables	3,198,453	3,198,453	3,198,453	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	1,026,116	1,026,116	1,026,116	—	—	—
Borrowings (including interest accrual up to maturity)	4,295,148	4,410,555	2,935,582	1,422,472	37,866	14,635
Convertible bonds	2,520,527	2,847,204	14,998	37,496	2,794,710	—
Lease liabilities	568,322	651,857	104,512	106,000	296,360	144,985
	<u>16,744,854</u>	<u>17,270,473</u>	<u>12,415,949</u>	<u>1,565,968</u>	<u>3,128,936</u>	<u>159,620</u>
As at 31 December 2025						
Trade payables	6,654,985	6,654,985	6,654,985	—	—	—
Note payables	5,716,338	5,716,338	5,716,338	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	927,146	927,146	927,146	—	—	—
Borrowings (including interest accrual up to maturity)	4,642,688	4,705,860	4,476,365	229,495	—	—
Lease liabilities	558,802	623,474	136,908	126,176	277,124	83,266
	<u>18,499,959</u>	<u>18,627,803</u>	<u>17,911,742</u>	<u>355,671</u>	<u>277,124</u>	<u>83,266</u>

The Company

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or repayable on demand RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023						
Trade payables	1,552,594	1,552,594	1,552,594	—	—	—
Note payables	575,433	575,433	575,433	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	116,852	116,852	116,852	—	—	—
Borrowings (including interest accrual up to maturity)	3,311,682	3,412,044	1,425,865	1,986,179	—	—
Convertible bonds	2,441,013	2,857,240	9,999	14,999	2,832,242	—
	<u>7,997,574</u>	<u>8,514,163</u>	<u>3,680,743</u>	<u>2,001,178</u>	<u>2,832,242</u>	<u>—</u>
As at 31 December 2024						
Trade payables	2,013,272	2,013,272	2,013,272	—	—	—
Note payables	760,519	760,519	760,519	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	167,167	167,167	167,167	—	—	—
Borrowings (including interest accrual up to maturity)	3,446,061	3,541,966	2,324,695	1,217,271	—	—
Convertible bonds	2,520,527	2,847,204	14,998	37,496	2,794,710	—
	<u>8,907,546</u>	<u>9,330,128</u>	<u>5,280,651</u>	<u>1,254,767</u>	<u>2,794,710</u>	<u>—</u>
As at 31 December 2025						
Trade payables	2,334,239	2,334,239	2,334,239	—	—	—
Note payables	665,379	665,379	665,379	—	—	—
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	206,435	206,435	206,435	—	—	—
Borrowings (including interest accrual up to maturity)	3,010,479	3,057,612	2,853,218	204,394	—	—
	<u>6,216,532</u>	<u>6,263,665</u>	<u>6,059,271</u>	<u>204,394</u>	<u>—</u>	<u>—</u>

APPENDIX I

ACCOUNTANTS’ REPORT

39.2 Capital management

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

The Group 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 monitors capital on the basis of the net debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including borrowings, convertible bonds and lease liabilities) less cash and cash equivalents and restricted bank deposits. Total equity is calculated as equity as shown in the consolidated statements of financial position.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Borrowings	4,745,175	4,295,148	4,642,688
Convertible bonds	2,441,013	2,520,527	—
Lease liabilities	344,362	568,322	558,802
Less: Cash and cash equivalents	(2,313,938)	(3,942,267)	(4,701,248)
Restricted bank deposits	(541,429)	(45,499)	(518,558)
Net debt/(cash)	4,675,183	3,396,231	(18,316)
Total equity	13,814,303	19,583,255	24,134,554
Net debt to equity ratio	0.34	0.17	N/A

39.3 Fair value estimation

(a) Fair value hierarchy

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

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

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

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

The fair value of wealth management products classified as financial assets at FVTPL is determined by the directors of the Company using the present value method, representing a Level 3 recurring fair value measurement.

The fair value of note receivables classified as financial assets at FVOCI is determined by the directors of the Company using the discounted cash flow method, representing a Level 3 recurring fair value measurement.

The fair value of unlisted debt investment classified as financial assets at FVTPL is determined by the directors of the Company, representing a Level 3 recurring fair value measurement.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group’s valuation of financial instruments classified within Level 3 of the fair value hierarchy is overseen by management. Management is responsible for performing the fair value measurements for both the wealth management products and the note receivables measured at FVOCI, reporting periodically to the directors of the Company at least once every three months, and these valuations are reviewed by the directors. As part of the valuation process, management assesses the reasonableness of key assumptions and inputs used in the valuation techniques.

Given that the wealth management products and note receivables at FVOCI have low credit risk and short maturities of less than twelve months at each reporting date, their carrying amounts approximate their fair values as at 31 December 2023, 2024 and 2025

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

	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
As at 31 December 2023				
Assets				
Financial assets at FVTPL				
— Listed equity investment	872	—	—	872
— Wealth management products	—	—	300,000	300,000
Financial assets at FVOCI				
— Note receivables	—	—	1,039,933	1,039,933
	<u>872</u>	<u>—</u>	<u>1,339,933</u>	<u>1,340,805</u>
	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
As at 31 December 2024				
Assets				
Financial assets at FVTPL				
— Wealth management products	—	—	1,050,000	1,050,000
Financial assets at FVOCI				
— Note receivables	—	—	2,659,789	2,659,789
	<u>—</u>	<u>—</u>	<u>3,709,789</u>	<u>3,709,789</u>
	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
As at 31 December 2025				
Assets				
Financial assets at FVTPL				
— Wealth management products	—	—	400,000	400,000
— Unlisted debt investment	—	—	50,000	50,000
Financial assets at FVOCI				
— Note receivables	—	—	4,828,919	4,828,919
	<u>—</u>	<u>—</u>	<u>5,278,919</u>	<u>5,278,919</u>

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Fair value measurements using significant unobservable inputs

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

Level 3	Financial assets at FVTPL RMB'000	Financial assets at FVOCI RMB'000	Total RMB'000
As at 1 January 2023	—	1,157,515	1,157,515
Additions	1,310,000	2,760,203	4,070,203
Disposals	(1,010,000)	(2,877,785)	(3,887,785)
Fair value changes	—	—	—
As at 31 December 2023	300,000	1,039,933	1,339,933
As at 1 January 2024	300,000	1,039,933	1,339,933
Additions	4,495,000	9,368,612	13,863,612
Disposals	(3,745,000)	(7,748,756)	(11,493,756)
Fair value changes	—	—	—
As at 31 December 2024	1,050,000	2,659,789	3,709,789
As at 1 January 2025	1,050,000	2,659,789	3,709,789
Additions	2,150,000	16,188,557	18,338,557
Disposals	(2,750,000)	(14,019,427)	(16,769,427)
Fair value changes	—	—	—
As at 31 December 2025	450,000	4,828,919	5,278,919

(d) Valuation inputs and relationships to fair value

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

Description	Fair value As at 31 December			Valuation techniques and key inputs	Significant unobservable inputs	Relationship of key assumptions to fair value
	2023 RMB'000	2024 RMB'000	2025 RMB'000			
Financial assets at FVTPL						
Wealth management products	300,000	1,050,000	400,000	Discounted cash flows method, estimated based on expected return and market foreign exchange rate	Expected return and market foreign exchange rate	The estimated fair value would increase (decrease) if: — the expected return were higher (lower); or — market foreign exchange rate to RMB were higher (lower).
Financial assets at FVOCI						
Note receivables	1,039,933	2,659,789	4,828,919	Discounted cash flows method	— Expected cash flows — Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: — the expected cashflows were higher (lower); or — the risk-adjusted discount rate were lower (higher)

APPENDIX I

ACCOUNTANTS’ REPORT

40 RELATED PARTY TRANSACTIONS

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

(a) Name and relationship of related parties

Name of related parties	Relationship with the Group	Notes
Tuopu Electrical Appliances	Joint venture	
Ningbo Borgers	Joint venture	(i)
寧波高悅智能科技有限公司	Related company	(ii)
寧波高悅電機技術有限公司	Related company	(ii)
Gloyel Electric	Related company	(ii)
寧波高悅新能源科技有限公司	Related company	(ii)

Notes:

- (i) Ningbo Borgers ceased to be the joint venture of the Group upon completion of the acquisition of the 50% interests from the joint venturer in April 2024 as disclosed in Note 42(i).
- (ii) Mr. Wu JS, the ultimate controlling shareholder of the Company, is the ultimate controlling shareholder of the related companies.

(b) Transactions with related parties

(i) Purchase and/or services from the related parties

Name of related party	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Tuopu Electrical Appliances	355	625	7,835
Ningbo Borgers	12,015	569	—
寧波高悅智能科技有限公司	42,786	121,658	85,590
寧波高悅電機技術有限公司	37,385	81,356	92,712
Gloyel Electric	4,747	5,719	4,803
寧波高悅新能源科技有限公司	—	4,513	33,695

(ii) Sales and/or provision of services to the related parties

Name of related party	Year ended 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Tuopu Electrical Appliances	5,265	4,833	4,034
Ningbo Borgers	135,890	22,874	—
寧波高悅電機技術有限公司	1,359	1,338	1,756

(iii) Leases

The Group as lessor

Name of related party	Type of leases	Year ended 31 December		
		2023 RMB'000	2024 RMB'000	2025 RMB'000
Ningbo Borgers	Buildings	846	—	—
寧波高悅電機技術有限公司	Buildings	198	198	198
寧波高悅智能科技有限公司	Buildings	347	309	180

APPENDIX I

ACCOUNTANTS’ REPORT

(iv) Key management compensation

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

Compensation of the key management personnels of the Group, including amounts paid to the Company’s Directors as disclosed in Note 9(c), was as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Directors’ fee, salaries, allowances, bonus and benefits in kind	20,692	22,813	25,808
Contributions to defined contribution plans, housing funds and other social insurances	474	511	515
	<u>21,166</u>	<u>23,324</u>	<u>26,323</u>

(c) Related party balances

(i) Amounts due from related parties

The Group:

	As at 31 December		
Trade receivables	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Name of related party			
Joint ventures:			
Tuopu Electrical Appliances	2,688	2,159	1,817
Ningbo Borgers	38,000	—	—
	<u>40,688</u>	<u>2,159</u>	<u>1,817</u>
Related companies:			
寧波高悅智能科技有限公司	—	165	154
寧波高悅電機技術有限公司	—	861	465
	<u>—</u>	<u>1,026</u>	<u>619</u>

	As at 31 December		
Prepayments	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Name of related party			
Related companies:			
寧波高悅智能科技有限公司	2,387	1,277	712
Gloyel Electric	—	504	—
	<u>2,387</u>	<u>1,781</u>	<u>712</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) *Amounts due to related parties*

The Group:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
Name of related party			
Joint ventures:			
Tuopu Electrical Appliances	424	587	5,044
Ningbo Borgers	2,585	—	—
	3,009	587	5,044
Related companies:			
寧波高悅智能科技有限公司	624	841	3,657
寧波高悅電機技術有限公司	—	1,379	10,508
Gloyel Electric	549	—	520
寧波高悅新能源科技有限公司	—	581	2,423
重慶高悅光伏科技有限公司	—	—	839
	1,173	2,801	17,947
Other payables			
Name of related party			
Related companies:			
寧波高悅智能科技有限公司	401	16,602	23,837
寧波高悅電機技術有限公司	9,805	17,480	—
	10,206	34,082	23,837

41 RECONCILIATIONS OF LIABILITIES FROM FINANCING ACTIVITIES

	Lease liabilities (Note 20) RMB'000	Borrowings (Note 34) RMB'000	Convertible bonds (Note 35) RMB'000	Total RMB'000
As at 1 January 2023	90,535	4,121,936	2,359,755	6,572,226
Changes from financing cash flows:				
Proceeds from borrowings	—	3,565,013	—	3,565,013
Repayments of borrowings	—	(2,945,261)	—	(2,945,261)
Interests paid	—	(132,917)	(5,000)	(137,917)
Repayment of principal portion on lease liabilities	(37,808)	—	—	(37,808)
Repayment of interest portion on lease liabilities	(5,207)	—	—	(5,207)
Total changes from financing cash flows	(43,015)	486,835	(5,000)	438,820
Other changes:				
Interest expenses (Note 13)	5,207	136,404	86,478	228,089
Exercise of conversion option of convertible bond	—	—	(220)	(220)
Increase in lease liabilities from entering into new leases during the year	291,710	—	—	291,710
Lease modification	(4,259)	—	—	(4,259)
Exchange difference	4,184	—	—	4,184
Total other changes	296,842	136,404	86,258	519,504

APPENDIX I

ACCOUNTANTS’ REPORT

	Lease liabilities (Note 20) RMB'000	Borrowings (Note 34) RMB'000	Convertible bonds (Note 35) RMB'000	Total RMB'000
As at 31 December 2023 and 1 January 2024	344,362	4,745,175	2,441,013	7,530,550
Changes from financing cash flows:				
Proceeds from borrowings	—	2,842,500	—	2,842,500
Repayments of borrowings	—	(3,295,036)	—	(3,295,036)
Interests paid	—	(122,286)	(10,000)	(132,286)
Repayment of principal portion on lease liabilities	(61,202)	—	—	(61,202)
Repayment of interest portion on lease liabilities	(18,713)	—	—	(18,713)
Total changes from financing cash flows	(79,915)	(574,822)	(10,000)	(664,737)
Other changes:				
Interest expenses (Note 13)	18,713	124,795	89,545	233,053
Exercise of conversion option of convertible bond	—	—	(31)	(31)
Early termination of lease	(13,237)	—	—	(13,237)
Increase in lease liabilities from entering into new leases during the year	288,140	—	—	288,140
Exchange difference	10,259	—	—	10,259
Total other changes	303,875	124,795	89,514	518,184
As at 31 December 2024 and 1 January 2025	568,322	4,295,148	2,520,527	7,383,997
Changes from financing cash flows:				
Proceeds from borrowings	—	3,344,057	—	3,344,057
Repayments of borrowings	—	(3,100,360)	—	(3,100,360)
Interests paid	—	(114,121)	(38)	(114,159)
Repurchase of convertible bond	—	—	(9,756)	(9,756)
Repayment of principal portion on lease liabilities	(113,346)	—	—	(113,346)
Repayment of interest portion on lease liabilities	(23,982)	—	—	(23,982)
Total changes from financing cash flows	(137,328)	129,576	(9,794)	(17,546)
Other changes:				
Interest expenses (Note 13)	23,982	110,341	14,893	149,216
Exercise of conversion option of convertible bond	—	—	(2,525,626)	(2,525,626)
Acquired through business combinations (Note 42)	39,627	107,895	—	147,522
Increase in lease liabilities from entering into new leases during the year	70,622	—	—	70,622
Exchange difference	(6,423)	(272)	—	(6,695)
Total other changes	127,808	217,964	(2,510,733)	(2,164,961)
As at 31 December 2025	558,802	4,642,688	—	5,201,490

APPENDIX I

ACCOUNTANTS’ REPORT

42 ACQUISITIONS OF SUBSIDIARIES

(i) Ningbo Borgers

In January 2024, the Company entered into an equity transfer agreement (the “**Borgers Agreement**”) with Johann Borgers GmbH, the joint venturer of Ningbo Borgers. Under the Borgers Agreement, Johann Borgers GmbH agreed to transfer, and the Company agreed to acquire, its entire 50% equity interest in Ningbo Borgers for a cash consideration of EUR2,450,000. The equity transfer registration was completed in February 2024, and Ningbo Borgers was subsequently renamed as Ningbo Tuopu Automotive Trim Co., Ltd. (“**Tuopu Automotive Trim**”). The Company finalised payment on 25 April 2024, which is regarded as the acquisition completion date.

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

Details of the identifiable assets and liabilities are as follows:

	Fair value RMB’000
Property, plant and equipment (<i>Note 18</i>)	38,244
Intangible assets (<i>Note 22</i>)	413
Inventories	24,168
Trade receivables	59,420
Prepayments, deposits and other receivables	4,812
Cash and cash equivalents	25,335
Trade payables	(71,247)
Other payables and accruals	(1,472)
Total identifiable net assets	79,673
Fair value of previously held equity interest in joint venture	(38,766)
Gain on bargain purchase (<i>Note 11</i>)	(21,902)
Total consideration satisfied by cash	19,005
Net cash inflow arising on acquisition of a subsidiary:	
Cash and cash equivalents acquired	25,335
Less: Cash consideration paid	(19,005)
	6,330

The Group recognised a gain on bargain purchase of RMB21,902,000 in the business combination. The gain on bargain purchase arose primarily attributable to the seller’s financial distress.

The fair value of acquired trade receivables is RMB59,420,000. The gross contractual amount for trade receivables due is RMB59,420,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected is closed to zero.

The acquired business contributed revenue of RMB236,868,000 and net loss of RMB956,000 to the Group for the period from 25 April to 31 December 2024. If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and net profit for the year ended 31 December 2024 would have been RMB26,669,433,000 and RMB3,001,921,000, respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is intended to be a projection of future results.

(ii) Acquisition of Wuhu Tuopu

During 2025, the Company entered into an equity transfer agreement with three independent third parties to acquire the entire 100% equity interest in Wuhu Tuopu for a cash consideration of RMB300,000,000. The equity transfer registration was completed in May 2025, and the Company regarded 12 May 2025 as the acquisition completion date.

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

APPENDIX I

ACCOUNTANTS’ REPORT

Details of the identifiable assets and liabilities are as follows:

	Fair value RMB’000
Property, plant and equipment (<i>Note 18</i>)	193,759
Right-of-use assets (<i>Note 20</i>)	48,307
Intangible assets (<i>Note 22</i>)	23,292
Inventories	55,350
Trade receivables	279,484
Note receivables	178,015
Prepayments, deposits and other receivables	37,484
Cash and cash equivalents	4,652
Deferred tax assets (<i>Note 23</i>)	10,222
Trade payables	(295,314)
Note payables	(10,000)
Other payables and accruals	(227,813)
Contract liabilities	—*
Borrowings	(107,895)
Current tax liabilities	(3,783)
Lease liabilities (<i>Note 20</i>)	(39,627)
Deferred income (<i>Note 36</i>)	(1,265)
Deferred tax liabilities (<i>Note 23</i>)	(14,942)
Total identifiable net assets	129,926
Goodwill (<i>Note 21</i>)	170,074
Total consideration satisfied by cash	300,000

* Represents amount less than RMB1,000.

Net cash outflow arising on acquisition of a subsidiary:

Cash and cash equivalents acquired	4,652
Less: Cash consideration paid (<i>Note</i>)	(295,000)
	(290,348)

Note: The Group paid partial consideration of RMB5,000,000 in respect of the acquisition during the year ended 31 December 2024.

The fair value of acquired trade receivables is RMB279,484,000. The gross contractual amount for trade receivables due is RMB295,276,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB15,792,000.

The acquired business contributed revenue of RMB507,013,000 and net profit of RMB41,073,000 to the Group for the period from 12 May to 31 December 2025. If the acquisition had occurred on 1 January 2025, consolidated pro-forma revenue and net profit for the year ended 31 December 2025 would have been RMB29,807,291,000 and RMB2,788,200,000, respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is intended to be a projection of future results.

43 PLEDGED ASSETS

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Restricted bank deposits	541,429	45,499	518,558
Note receivables	918,811	1,332,652	1,766,950
Property, plant and equipment	664,318	586,524	541,152
Right of use assets	167,242	157,092	153,035
Investment properties	8,502	7,830	7,158
	2,300,302	2,129,597	2,986,853

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	18,556	19,650	7,740
Note receivables	5,511	—	—
Property, plant and equipment	664,318	586,524	541,152
Right of use assets	167,242	157,092	153,035
Investment properties	8,502	7,830	7,158
	<u>864,129</u>	<u>771,096</u>	<u>709,085</u>

44 COMMITMENTS

Capital commitments outstanding at the end of each reporting period not provided for in the Historical Financial Information were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted but not provided for:			
Acquisition of machinery and equipment	952,829	652,139	630,960
Construction of buildings	677,345	396,667	254,200
Software	28,175	23,263	21,799
	<u>1,658,349</u>	<u>1,072,069</u>	<u>906,959</u>

45 CONTINGENT LIABILITIES

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

46 DIVIDENDS

- (a) The final dividends of RMB0.556 and RMB0.519 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and who were entitled to participate in the distribution on the [REDACTED] in respect of the years ended 31 December 2023 and 2024 were approved by the General Meeting of the Company.

The final dividends of RMB0.490 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and who were entitled to participate in the distribution on the [REDACTED] in respect of the year ended 31 December 2025 is subject to the approval at the forthcoming General Meeting of the Company.

- (b) Dividends attributable to the previous year, approved and paid during the Track Record Period:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Final dividend for the years ended 31 December 2022, 2023 and 2024 approved and paid during the Track Record Period	<u>510,248</u>	<u>646,503</u>	<u>901,937</u>

47 SUBSEQUENT EVENTS

[•]

48. SUBSEQUENT FINANCIAL STATEMENTS

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