*The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.*

***[To insert the firm's letterhead]***

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HUIZHOU DESAY SV AUTOMOTIVE CO., LTD., MORGAN STANLEY ASIA LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of Huizhou Desay SV Automotive Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[ • ] to I-[ • ], which comprises the consolidated statements of profit or loss, consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, 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 [ • ] (the "**Document**") in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

***Adjustments***

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

***Dividend***

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[ • ]
*Certified Public Accountants*
Hong Kong
[Date]

## I HISTORICAL FINANCIAL INFORMATION

### Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

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

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **REVENUE** | 5 | 21,908,003 | 27,618,064 | 32,557,178 |
| Cost of sales | | (17,532,147) | (22,128,490) | (26,348,977) |
| Gross profit | | 4,375,856 | 5,489,574 | 6,208,201 |
| Other income and gains | 5 | 449,624 | 511,979 | 576,314 |
| Selling and marketing expenses | | (194,448) | (237,630) | (268,025) |
| Administrative expenses | | (567,947) | (626,011) | (773,917) |
| Research and development expenses | | (1,982,331) | (2,255,848) | (2,642,071) |
| Impairment losses on financial assets and contract assets, net | | (236,393) | (222,035) | (27,905) |
| Other expenses | | (274,833) | (498,041) | (533,200) |
| Finance costs | 7 | (35,615) | (33,129) | (29,587) |
| Share of profits and losses of associates | | 4,269 | (29,197) | 60,526 |
| **PROFIT BEFORE TAX** | 6 | 1,538,182 | 2,099,662 | 2,570,336 |
| Income tax credit/(expense) | 10 | 3,392 | (81,591) | (97,415) |
| **PROFIT FOR THE YEAR** | | 1,541,574 | 2,018,071 | 2,472,921 |
| Attributable to: | | | | |
| Owners of the parent | | 1,546,736 | 2,004,875 | 2,453,585 |
| Non-controlling interests | | (5,162) | 13,196 | 19,336 |
| | | 1,541,574 | 2,018,071 | 2,472,921 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO OWENERS OF THE PARENT** | | | | |
| Basic (RMB per share) | 12 | 2.81 | 3.63 | 4.35 |
| Diluted (RMB per share) | 12 | 2.80 | 3.62 | 4.34 |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **PROFIT FOR THE YEAR** | 1,541,574 | 2,018,071 | 2,472,921 |
| **OTHER COMPREHENSIVE (LOSS)/INCOME** | | | |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods: | | | |
| Share of other comprehensive (loss)/income of associates | (63) | 81 | 171 |
| Equity investments designated at fair value through other comprehensive income: | | | |
| Changes in fair value | — | (3,851) | 12,682 |
| Income tax effect | — | 578 | (1,902) |
| | — | (3,273) | 10,780 |
| Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods | (63) | (3,192) | 10,951 |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | | |
| Share of other comprehensive income/(loss) of associates | 50 | (48) | (132) |
| Exchange differences on translation of foreign operations | 3,299 | (3,378) | 5,679 |
| Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | 3,349 | (3,426) | 5,547 |
| **OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX** | 3,286 | (6,618) | 16,498 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 1,544,860 | 2,011,453 | 2,489,419 |
| Attributable to: | | | |
| Owners of the parent | 1,550,022 | 1,998,257 | 2,470,083 |
| Non-controlling interests | (5,162) | 13,196 | 19,336 |
| | 1,544,860 | 2,011,453 | 2,489,419 |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | | As at 31 December | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 13 | 2,412,865 | 3,178,294 | 4,082,726 |
| Right-of-use assets | 14 | 167,363 | 258,316 | 281,757 |
| Goodwill | | 7,743 | 7,415 | — |
| Other intangible assets | 15 | 304,178 | 229,693 | 252,851 |
| Investments in associates | 16 | 496,849 | 468,341 | 472,085 |
| Deferred tax assets | 17 | 205,204 | 292,513 | 387,380 |
| Prepayments, deposits and other receivables | 20 | 219,144 | 164,393 | 326,844 |
| Financial assets at fair value through profit or loss | 21 | 258,992 | 163,194 | 296,958 |
| Equity investments designated at fair value through other comprehensive income | 22 | 266,587 | 262,737 | 275,419 |
| Contract assets | | — | 24,118 | 36,461 |
| Total non-current assets | | 4,338,925 | 5,049,014 | 6,412,481 |
| **CURRENT ASSETS** | | | | |
| Inventories | 18 | 3,259,943 | 3,696,466 | 4,789,304 |
| Trade and bills receivables | 19 | 7,181,969 | 9,670,713 | 10,020,009 |
| Contract assets | | — | 24,673 | 5,129 |
| Prepayments, deposits and other receivables | 20 | 378,400 | 491,925 | 855,584 |
| Financial assets at fair value through profit or loss | 21 | 30,931 | 81,781 | 3,911,086 |
| Debt investments at fair value through other comprehensive income | 22 | 1,548,308 | 1,679,566 | 2,403,643 |
| Derivative financial instruments | 26 | — | 13,871 | — |
| Restricted cash | 23 | 142,450 | 54,150 | 31,637 |
| Cash and cash equivalents | 23 | 1,133,160 | 721,166 | 1,416,446 |
| Total current assets | | 13,675,161 | 16,434,311 | 23,432,838 |
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 24 | 6,808,149 | 8,020,082 | 9,202,364 |
| Other payables and accruals | 25 | 1,286,600 | 1,338,825 | 2,248,733 |
| Derivative financial instruments | 26 | 120 | — | 27,387 |
| Contract liabilities | 27 | 344,953 | 501,508 | 1,005,272 |
| Interest-bearing bank borrowings | 29 | 245,219 | 900,456 | 997,579 |
| Lease liabilities | 14 | 20,285 | 17,053 | 22,220 |
| Tax payable | | 17,349 | 74,883 | 80,538 |
| Total current liabilities | | 8,722,675 | 10,852,807 | 13,584,093 |
| **NET CURRENT ASSETS** | | 4,952,486 | 5,581,504 | 9,848,745 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 9,291,411 | 10,630,518 | 16,261,226 |

| | | As at 31 December | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **NON-CURRENT LIABILITIES** | | | | |
| Interest-bearing bank borrowings | 29 | 770,674 | 219,417 | 255,008 |
| Lease liabilities | 14 | 57,128 | 58,020 | 80,428 |
| Deferred tax liabilities | 17 | 960 | 1,171 | 855 |
| Other payables and accruals | 25 | 264,249 | 362,131 | 21,485 |
| Deferred income | 28 | 138,264 | 224,239 | 340,772 |
| Total non-current liabilities | | 1,231,275 | 864,978 | 698,548 |
| Net assets | | 8,060,136 | 9,765,540 | 15,562,678 |
| **EQUITY** | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 30 | 555,023 | 554,959 | 596,843 |
| Treasury shares | 30 | (159,706) | (76,342) | (456,267) |
| Reserves | 32 | 7,556,966 | 9,164,654 | 15,277,524 |
| | | 7,952,283 | 9,643,271 | 15,418,100 |
| Non-controlling interests | | 107,853 | 122,269 | 144,578 |
| Total equity | | 8,060,136 | 9,765,540 | 15,562,678 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

### Year ended 31 December 2023

| | Attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital** *RMB'000* *(note 30)* | **Treasury shares** *RMB'000* *(note 30)* | **Capital reserve** *RMB'000* *(note 32)* | **Share-based payment reserve** *RMB'000* *(note 32)* | **Fair value reserve of financial assets at fair value through other comprehensive income** *RMB'000* *(note 32)* | **Exchange fluctuation reserve** *RMB'000* *(note 32)* | **Special reserve — safety fund** *RMB'000* *(note 32)* | **Statutory surplus reserve** *RMB'000* *(note 32)* | **Other reserve** *RMB'000* | **Retained profits** *RMB'000* | **Total** *RMB'000* | **Non-controlling interests** *RMB'000* | **Total equity** *RMB'000* |
| At 1 January 2023 | 555,274 | (250,995) | 2,311,044 | 175,171 | 122,983 | 2,422 | 135 | 277,637 | (59) | 3,283,981 | 6,477,593 | 65,988 | 6,543,581 |
| Profit for the year | — | — | — | — | — | — | — | — | — | 1,546,736 | 1,546,736 | (5,162) | 1,541,574 |
| Other comprehensive income for the year: | | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | — | 3,299 | — | — | — | — | 3,299 | — | 3,299 |
| Share of other comprehensive income of associates | — | — | — | — | — | — | — | — | (13) | — | (13) | — | (13) |
| Total comprehensive income for the year | — | — | — | — | — | 3,299 | — | — | (13) | 1,546,736 | 1,550,022 | (5,162) | 1,544,860 |
| Dividends *(note 11)* | — | — | — | — | — | — | — | — | — | (305,208) | (305,208) | — | (305,208) |
| Capital injection from non-controlling interests | — | — | — | — | — | — | — | — | — | — | — | 45,890 | 45,890 |
| Forfeited and cancelled restricted shares *(note 30)* | (251) | 12,037 | (11,786) | — | — | — | — | — | — | — | — | — | — |
| Share-based payments *(note 31)* | — | — | — | 130,195 | — | — | — | — | — | — | 130,195 | 336 | 130,531 |
| Vested of restricted shares | — | 79,252 | 135,213 | (135,213) | — | — | — | — | — | — | 79,252 | — | 79,252 |
| Safety production fund provided | — | — | — | — | — | — | 13,240 | — | — | — | 13,240 | 801 | 14,041 |
| Safety production fund utilised | — | — | — | — | — | — | (12,229) | — | — | — | (12,229) | — | (12,229) |
| Share of other reserve of associates | — | — | — | — | — | — | — | — | 19,418 | — | 19,418 | — | 19,418 |
| At 31 December 2023 | 555,023 | (159,706) | 2,434,471* | 170,153* | 122,983* | 5,721* | 1,146* | 277,637* | 19,346* | 4,525,509* | 7,952,283 | 107,853 | 8,060,136 |

## Year ended 31 December 2024

| | Attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 30) | Treasury shares RMB'000 (note 30) | Capital reserve RMB'000 (note 32) | Share-based payment reserve RMB'000 (note 32) | Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (note 32) | Exchange fluctuation reserve RMB'000 (note 32) | Special reserve — safety fund RMB'000 (note 32) | Statutory reserve RMB'000 (note 32) | Other reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2024 | 555,023 | (159,706) | 2,434,471 | 170,153 | 122,983 | 5,721 | 1,146 | 277,637 | 19,346 | 4,525,509 | 7,952,283 | 107,853 | 8,060,136 |
| Profit for the year | — | — | — | — | — | — | — | — | — | 2,004,875 | 2,004,875 | 13,196 | 2,018,071 |
| Other comprehensive income for the year: | | | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | — | (3,273) | — | — | — | — | — | (3,273) | — | (3,273) |
| Exchange differences on translation of foreign operations | — | — | — | — | — | (3,378) | — | — | — | — | (3,378) | — | (3,378) |
| Share of other comprehensive income of associates | — | — | — | — | — | — | — | — | 33 | — | 33 | — | 33 |
| Total comprehensive income for the year | — | — | — | — | (3,273) | (3,378) | — | — | 33 | 2,004,875 | 1,998,257 | 13,196 | 2,011,453 |
| Dividends *(note 11)* | — | — | — | — | — | — | — | — | — | (466,205) | (466,205) | — | (466,205) |
| Forfeited and cancelled restricted shares *(note 30)* | (64) | 2,969 | (3,008) | — | — | — | — | — | — | 103 | — | — | — |
| Share-based payments *(note 31)* | — | — | — | 67,103 | — | — | — | — | — | — | 67,103 | (110) | 66,993 |
| Vested of restricted shares | — | 80,395 | 133,022 | (133,022) | — | — | — | — | — | — | 80,395 | — | 80,395 |
| Safety production fund provided | — | — | — | — | — | — | 17,053 | — | — | — | 17,053 | 1,410 | 18,463 |
| Safety production fund utilised | — | — | — | — | — | — | (10,953) | — | — | — | (10,953) | (80) | (11,033) |
| Share of other reserve of associates | — | — | — | — | — | — | — | — | 5,419 | (81) | 5,338 | — | 5,338 |
| At 31 December 2024 | 554,959 | (76,342) | 2,564,485* | 104,234* | 119,710* | 2,343* | 7,246* | 277,637* | 24,798* | 6,064,201* | 9,643,271* | 122,269 | 9,765,540 |

**Year ended 31 December 2025**

| | Attributable to owners of the parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (note 30) | Treasury shares RMB'000 (note 30) | Capital reserve RMB'000 (note 32) | Share-based payment reserve RMB'000 (note 32) | Fair value reserve of financial assets at fair value through other comprehensive income RMB'000 (note 32) | Exchange fluctuation reserve RMB'000 (note 32) | Special reserve — safety fund RMB'000 (note 32) | Statutory reserve RMB'000 (note 32) | Other reserve RMB'000 | Retained profits RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2025 | 554,959 | (76,342) | 2,564,485 | 104,234 | 119,710 | 2,343 | 7,246 | 277,637 | 24,798 | 6,064,201 | 9,643,271 | 122,269 | 9,765,540 |
| Profit for the year | — | — | — | — | — | — | — | — | — | 2,453,585 | 2,453,585 | 19,336 | 2,472,921 |
| Other comprehensive income for the year: | | | | | | | | | | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | — | 10,780 | — | — | — | — | — | 10,780 | — | 10,780 |
| Exchange differences on translation of foreign operations | — | — | — | — | — | 5,679 | — | — | — | — | 5,679 | — | 5,679 |
| Share of other comprehensive income of associates | — | — | — | — | — | — | — | — | 39 | — | 39 | — | 39 |
| Total comprehensive income for the year | — | — | — | — | 10,780 | 5,679 | — | — | 39 | 2,453,585 | 2,470,083 | 19,336 | 2,489,419 |
| Dividends *(note 11)* | — | — | — | — | — | — | — | — | — | (665,939) | (665,939) | — | (665,939) |
| Issue of shares *(note 30)* | 41,894 | — | 4,356,906 | — | — | — | — | — | — | — | 4,398,800 | — | 4,398,800 |
| Share issue expenses | — | — | (5,665) | — | — | — | — | — | — | — | (5,665) | — | (5,665) |
| Capital injection from non-controlling interests | — | — | — | — | — | — | — | — | — | — | — | 1,230 | 1,230 |
| Forfeited and cancelled restricted shares *(note 30)* | (10) | 487 | (477) | — | — | — | — | — | — | — | — | — | — |
| Repurchase of shares *(note 30)* | — | (599,865) | — | — | — | — | — | — | — | — | (599,865) | — | (599,865) |
| Granted of treasury shares under share incentive scheme *(note 30)* | — | 313,133 | (145,139) | — | — | — | — | — | — | — | 167,994 | — | 167,994 |
| Repurchase obligation of ordinary shares under share incentive scheme *(note 30)* | — | (167,995) | — | — | — | — | — | — | — | — | (167,995) | — | (167,995) |
| Share-based payments *(note 31)* | — | — | — | 94,596 | — | — | — | — | — | — | 94,596 | 31 | 94,627 |
| Vested of restricted shares | — | 74,315 | 130,548 | (130,548) | — | — | — | — | — | — | 74,315 | — | 74,315 |
| Deferred tax on share-based payments | — | — | — | 6,192 | — | — | — | — | — | — | 6,192 | — | 6,192 |
| Transferred from retained profits | — | — | — | — | — | — | — | 20,784 | — | (20,784) | — | — | — |
| Safety production fund provided | — | — | — | — | — | — | 14,368 | — | — | — | 14,368 | 1,712 | 16,080 |
| Safety production fund utilised | — | — | — | — | — | — | (10,878) | — | — | — | (10,878) | — | (10,878) |
| Share of other reserve of associates | — | — | — | — | — | — | — | — | (1,024) | (153) | (1,177) | — | (1,177) |
| At 31 December 2025 | 596,843 | (456,267) | 6,900,658* | 74,474* | 130,490* | 8,022* | 10,736* | 298,421* | 23,813* | 7,830,910* | 15,418,100 | 144,578 | 15,562,678 |

* These reserve accounts comprise the consolidated reserves of RMB7,556,966,000, RMB9,164,654,000 and RMB15,277,524,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before tax | | 1,538,182 | 2,099,662 | 2,570,336 |
| Adjustments for: | | | | |
| Finance costs | 7 | 35,615 | 33,129 | 29,587 |
| Share of profits and losses of associates | 16 | (4,269) | 29,197 | (60,526) |
| Interest income | 5 | (14,025) | (13,576) | (14,168) |
| Foreign exchange differences, net | | 28,448 | (351) | (4,289) |
| Depreciation of property, plant and equipment | 13 | 354,365 | 482,466 | 602,296 |
| Amortisation of intangible assets | 15 | 141,965 | 160,088 | 136,946 |
| Depreciation of right-of-use assets | 6 | 24,764 | 25,876 | 31,212 |
| Net loss on disposal of property, plant and equipment | 6 | 3,049 | 1,076 | 6,243 |
| Gains on revision of lease terms | 14 | — | (289) | (221) |
| Gain on disposal of associates | 5 | — | (60,120) | (98,550) |
| Gains on debt restructuring | | — | (1,488) | (8,581) |
| Fair value (gains)/losses on financial assets at fair value through profit or loss | | (43,605) | 37,880 | (10,074) |
| Write-down of inventories to net realisable value | 6 | 221,294 | 292,236 | 307,719 |
| Fair value loss on derivative financial instruments | 6 | 2,297 | 2,708 | 74,240 |
| Impairment losses on financial assets and contract assets, net | 6 | 236,393 | 222,035 | 27,905 |
| Impairment of property, plant and equipment | 13 | — | — | 87,571 |
| Impairment of goodwill | | — | — | 8,114 |
| Share-based payment expenses | 31 | 130,531 | 66,993 | 94,627 |
| Increase in safety production fund | | 1,812 | 7,430 | 5,202 |
| Increase in inventories | | (65,086) | (728,759) | (1,400,557) |
| Increase in trade and bills receivables | | (2,877,401) | (2,708,075) | (369,249) |
| (Increase)/decrease in contract assets | | — | (51,359) | 7,581 |
| Increase in debt investments at fair value through other comprehensive income | | (1,354,387) | (131,258) | (724,077) |
| Decrease/(increase) in prepayments, deposits and other receivables | | 40,981 | 19,697 | (324,269) |
| (Increase)/decrease in restricted cash | | (63,858) | 139,328 | (28,551) |
| Increase in trade and bills payables | | 2,504,886 | 1,222,882 | 1,162,580 |
| Increase in other payables and accruals | | 316,612 | 200,668 | 321,597 |
| Increase in contract liabilities | | 18,829 | 156,555 | 503,764 |
| Increase in deferred income | | 21,352 | 85,975 | 116,533 |
| Cash generated from operations | | 1,198,744 | 1,590,606 | 3,050,941 |
| Interest received | | 14,025 | 13,576 | 14,168 |
| Income taxes paid | | (71,726) | (110,671) | (181,348) |
| Net cash flows from operating activities | | 1,141,043 | 1,493,511 | 2,883,761 |

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from disposal of items of property, plant and equipment | | 3,386 | 1,445 | 4,396 |
| Purchases of items of property, plant and equipment | | (877,638) | (1,292,912) | (1,640,713) |
| Purchases of intangible assets | | (229,433) | (85,828) | (161,807) |
| Acquisition of land use rights | | — | (99,558) | (263) |
| Payments for purchase of shareholding in associates | | (90,000) | (55,000) | (10,000) |
| Proceeds from disposal of shareholding in associates | | — | 63,580 | 165,073 |
| Payments for purchase of financial assets at fair value through profit or loss | | (101,370) | (729,408) | (11,135,097) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 72,100 | 791,291 | 7,182,446 |
| Payments for purchase of financial assets at amortized cost | | (849,700) | — | — |
| Proceeds from disposal of financial assets at amortized cost | | 1,324,739 | — | — |
| Dividends received from associates | | 771 | 2,080 | 4,968 |
| Payment for settlement of derivative financial instruments | | (1,839) | (16,697) | (32,984) |
| Placement of restricted cash | | (851) | (51,064) | — |
| Withdrawal of restricted cash | | — | — | 51,064 |
| Net cash flows used in investing activities | | (749,835) | (1,472,071) | (5,572,917) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| New interest-bearing bank borrowings | | 450,120 | 377,727 | 1,303,010 |
| Proceeds from issue of shares | | — | — | 4,397,000 |
| Share issue expenses | | — | (2,697) | (1,168) |
| Proceeds from capital contributions by non-controlling interests | | 45,890 | — | 1,230 |
| Proceeds from issue of restricted shares | | — | — | 167,995 |
| Dividend paid | | (305,208) | (466,205) | (665,939) |
| Payments for refund the exercise price of forfeited restricted shares and repurchase of shares | | (8,545) | (2,969) | (600,352) |
| Repayment of interest-bearing bank borrowings | | (401,645) | (273,708) | (1,170,538) |
| Interest paid | | (30,775) | (32,786) | (26,660) |
| Payments of lease liabilities | | (23,008) | (24,304) | (30,148) |
| Placement of rental deposits | | (756) | (2,783) | (2,283) |
| Withdrawal of rental deposits | | 468 | 458 | 1,470 |
| Net cash flows (used in)/from financing activities | | (273,459) | (427,267) | 3,373,617 |

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 117,749 | (405,827) | 684,461 |
| Cash and cash equivalents at beginning of year | | 1,036,825 | 1,133,160 | 721,166 |
| Effect of foreign exchange rate changes, net | | (21,414) | (6,167) | 10,819 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | 1,133,160 | 721,166 | 1,416,446 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | | |
| Cash and bank balances | 23 | 1,275,610 | 775,316 | 1,448,083 |
| Less: Restricted cash | 23 | 142,450 | 54,150 | 31,637 |
| Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows | 23 | 1,133,160 | 721,166 | 1,416,446 |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

| | | As at 31 December | | |
|---|---|---|---|---|
| | | 2023 | 2024 | 2025 |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 13 | 2,169,365 | 2,696,667 | 2,951,526 |
| Right-of-use assets | 14 | 94,616 | 91,674 | 90,870 |
| Other intangible assets | 15 | 291,349 | 223,032 | 247,359 |
| Investments in subsidiaries | 1 | 418,202 | 708,814 | 1,217,588 |
| Investments in associates | 16 | 446,849 | 369,608 | 371,745 |
| Deferred tax assets | 17 | 184,576 | 258,743 | 336,617 |
| Prepayments, deposits and other receivables | 20 | 233,509 | 153,992 | 374,214 |
| Financial assets at fair value through profit or loss | 21 | 258,992 | 163,194 | 156,958 |
| Equity investments designated at fair value through other comprehensive income | 22 | 266,587 | 262,737 | 275,419 |
| Contract assets | | — | 24,118 | 36,461 |
| Total non-current assets | | 4,364,045 | 4,952,579 | 6,058,757 |
| **CURRENT ASSETS** | | | | |
| Inventories | 18 | 3,086,766 | 3,480,008 | 4,485,883 |
| Trade and bills receivables | 19 | 7,329,237 | 9,660,033 | 10,236,975 |
| Contract assets | | — | 22,677 | 4,705 |
| Prepayments, deposits and other receivables | 20 | 381,614 | 548,403 | 1,096,774 |
| Financial assets at fair value through profit or loss | 21 | 20,918 | 81,781 | 3,799,388 |
| Debt investments at fair value through other comprehensive income | 22 | 1,547,331 | 1,614,222 | 2,319,809 |
| Derivative financial instruments | 26 | — | 13,871 | — |
| Restricted cash | 23 | 141,469 | 53,314 | — |
| Cash and cash equivalents | 23 | 733,992 | 404,817 | 547,062 |
| Total current assets | | 13,241,327 | 15,879,126 | 22,490,596 |
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 24 | 6,843,674 | 7,971,390 | 9,193,622 |
| Other payables and accruals | 25 | 1,076,478 | 1,028,962 | 1,765,843 |
| Derivative financial instruments | 26 | 120 | — | 27,387 |
| Contract liabilities | 27 | 274,772 | 493,093 | 981,112 |
| Interest-bearing bank borrowings | 29 | 245,098 | 871,438 | 679,576 |
| Lease liabilities | 14 | 563 | 476 | 394 |
| Tax payable | | 11,711 | 54,763 | 53,944 |
| Total current liabilities | | 8,452,416 | 10,420,122 | 12,701,878 |
| **NET CURRENT ASSETS** | | 4,788,911 | 5,459,004 | 9,788,718 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 9,152,956 | 10,411,583 | 15,847,475 |

| | | As at 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| **NON-CURRENT LIABILITIES** | | | | |
| Interest-bearing bank borrowings | 29 | 770,674 | 150,000 | 245,480 |
| Lease liabilities | 14 | 371 | — | 1,736 |
| Other payables and accruals | 25 | 251,376 | 342,857 | — |
| Deferred income | 28 | 103,249 | 186,433 | 220,868 |
| Total non-current liabilities | | 1,125,670 | 679,290 | 468,084 |
| Net assets | | 8,027,286 | 9,732,293 | 15,379,391 |
| **EQUITY** | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 30 | 555,023 | 554,959 | 596,843 |
| Treasury shares | 30 | (159,706) | (76,342) | (456,267) |
| Reserves | 32 | 7,631,969 | 9,253,676 | 15,238,815 |
| Total equity | | 8,027,286 | 9,732,293 | 15,379,391 |

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

Huizhou Desay SV Automotive Co., Ltd. (the "**Company**") is a limited liability company established in the People's Republic of China ("**PRC**") on 24 July 1986, and converted into a joint stock limited company on 26 June 2015. In December 2017, the Company's A shares were listed on the Shenzhen Stock Exchange (stock code: 002920). The registered office, headquarters and principal place of business of the Company are set out in the section headed "Corporate Information" in the Document.

During the Relevant Periods, the Group was principally engaged in the research, development, manufacturing and sale of intelligent mobility and broader intelligent systems, including intelligent cockpit products, intelligent driving products and others.

As of the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries which are set out below:

| Name | *Notes* | Place and date of registration and place of operations | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Chengdu Desay SV Automotive Co., Ltd.* (成都市德賽西威汽車電子有限公司) . . | (a) | PRC/Chinese mainland 18 May 2023 | RMB500,000,000 | 100% | — | Research, development, manufacturing and sales of automotive electronics products |
| Shanghai Xunmenglong Automotive Co., Ltd.* (上海迅猛龍汽車電子有限公司). . . . . | (a) | PRC/Chinese mainland 27 February 2019 | RMB1,000,000 | 100% | — | Research and development of automotive electronics products |
| Nanjing Desay SV Automotive Co., Ltd.* (南京市德賽西威汽車電子有限公司) . . | (a) | PRC/Chinese mainland 13 December 2018 | RMB5,000,000 | 100% | — | Research and development of automotive electronics products |
| Fusai Yimai Automotive Co., Ltd.* (富賽益勱汽車電子有限公司) ("Fusai Yimai") . . . . . . . . . . . . . . . . . . | (b) | PRC/Chinese mainland 27 August 2021 | RMB260,000,000 | 45% | — | Manufacture and sales of automotive electronics products |
| Chengdu Desay SV KAWA Technology Co., Ltd.* (成都市德賽西威卡蛙科技有限公司) . . | (a) | PRC/Chinese mainland 22 March 2018 | RMB50,000,000 | 100% | — | Research and development of automotive electronics products |
| Guangdong Wehui Intelligent Technology Co., Ltd.* (廣東省威匯智能科技有限公司) . . . . . . . . . . . . . . . . . . . . | (a) | PRC/Chinese mainland 26 November 2020 | RMB35,000,000 | 100% | — | Manufacture and sales of equipment |
| Huizhou Weiyuan Technology Co., Ltd.* (惠州市威元科技有限公司) . . . . . . . | (a) | PRC/Chinese mainland 27 May 2021 | RMB3,000,000 | 100% | — | Research and development of automotive electronics products |
| Guangzhou Intelligent Transportation Technology Co., Ltd.* (廣州市德賽西威智慧交通技術有限公司) . . . . . . . . | (a) | PRC/Chinese mainland 26 April 2021 | RMB30,000,000 | 75% | — | Research and development of automotive electronics products |
| Changchun Huixiang Investment Co., Ltd.* (長春惠享投資有限公司) . . . . . | (c) | PRC/Chinese mainland 6 July 2021 | RMB1,000 | 51% | — | Investment |
| Shenzhen Desay SV Automotive Co., Ltd.* (深圳市德賽西威汽車電子有限公司) . . | (a) | PRC/Chinese mainland 12 October 2022 | RMB10,000,000 | 100% | — | Research and development of automotive electronics products |
| Shenzhen Desay SV Capital Co., Ltd.* (深圳市德賽西威產業投資有限公司) . . | (a) | PRC/Chinese mainland 23 December 2022 | RMB200,000,000 | 100% | — | Investment |
| Huizhou Chuanxing Zhiyuan Technology Co., Ltd.* (惠州市川行致遠科技有限公司). . . . . | (d) | PRC/Chinese mainland 19 December 2025 | RMB100,000,000 | 70% | — | Manufacture and sales of robovan |
| Guangzhou Chuanxing Zhiyuan Technology Co., Ltd.* (廣州市川行致遠技術有限公司). . . . . | (d) | PRC/Chinese mainland 23 December 2025 | RMB2,000,000 | — | 70% | Research and development and sales of robovan |
| Desay SV Automotive (Hong Kong) Trading Co., Limited (德賽西威(香港)貿易有限公司). . . . . | (e) | Hong Kong 7 November 2023 | Hong Kong Dollar ("HKD") 5,000,000 | 100% | — | Trading |
| Desay SV Automotive Taiwan Co., Ltd. (臺灣德賽西威有限公司). . . . . . . . . | (f) | Taiwan 11 September 2020 | Taiwan Dollar ("TWD") 8,000,000 | — | 100% | Sales of automotive electronics products |
| Desay SV Automotive Europe GmbH . . | (g) | Germany 3 August 2012 | Euro ("EUR") 4,100,000 | 100% | — | Manufacture and sales of automotive electronics products |
| Desay SV Automotive Singapore Pte. Ltd | (h) | Singapore 28 July 2011 | Singapore Dollar ("SGD") 10,041,862.50 | 100% | — | Research and development and sales of automotive electronics products |

| Name | *Notes* | Place and date of registration and place of operations | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Desay SV Automotive Japan Co., Ltd . . | (i) | Japan 10 May 2013 | Japanese Yen ("JPY") 10,000,000 | — | 100% | Sales of automotive electronics products |
| Desay SV Automotive USA, Inc. . . . . . | (c) | United States 18 February 2020 | United States Dollar ("USD") 1,000,000 | 100% | — | Sales of automotive electronics products |
| Antennensy steme Scandinavia AB . . . . | (c) | Sweden 20 December 2022 | Swedish Krona ("SEK") 100,000 | — | 100% | Sales of automotive electronics products |
| PT Desaysv Automotive Indonesia . . . . | (c) | Indonesia 14 November 2022 | Indonesian Rupiah ("IDR") 10,500,000,000 | — | 100% | Sales of automotive electronics products |
| Antenna Technology Center (Europe) ATC GmbH . . . . . . . . . . . . . . . . . . . | (c) | Germany 23 January 2009 | USD28,300 | — | 100% | Antenna testing |
| Desay SV De Mexico Sociedad De Responsabi Lidad Limitada De Capital Variable . . . . . . . . . . . . . . . . . . | (c) | Mexico 18 April 2023 | Mexican Peso ("MXN") 43,561,593.45 | — | 99.99% | Manufacture and sales of automotive electronics products |
| Desay SV Spain, Sociedad Limitada . . . | (c) | Spain 26 April 2024 | EUR6,000,000 | — | 100% | Manufacture and sales of automotive electronics products |

* The English names of above companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

In the opinion of the directors, there was no material non-controlling interests to the Group during the Relevant Periods.

*Notes:*

(a) The statutory financial statements of these entities for the year ended 31 December 2023 and 2024 prepared under China Accounting Standards for Business Enterprises ("**CASBE**") were audited by RSM China Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as at the date of this report.

(b) The statutory financial statements of this entity for the year ended 31 December 2023, 2024 and 2025 prepared under CASBE were audited by ShineWing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

The Group has controlled Fusai Yimai through an acting-in-concert agreement entered into with a minority shareholder pursuant to which the minority shareholder confirmed to act in concert with the Group when voting at general meetings in decision on relevant activities including but not limited to budget, pricing and promotion strategies of Fusai Yimai. As the Group has exposure or rights to variable returns from its involvement with Fusai Yimai and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities, Fusai Yimai are thus accounted for as a subsidiary of the Group.

(c) No audited financial statements have been prepared for these entities for the year ended 31 December 2023, 2024 and 2025.

(d) No audited financial statements have been prepared for these entities for the year ended 31 December 2025.

(e) The statutory financial statements of this entity for the year ended 31 December 2023, 2024 and 2025 prepared under HKFRS Accounting Standards were audited by EverSky (HK) CPA Limited (天元(香港)會計師事務所有限公司), certified public accountants registered in the Hong Kong.

(f) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under Enterprise Accounting Standards ("**EAS**") were audited by YANGTZE CPAs & Co.(揚智聯合會計師事務所), certified public accountants registered in Taiwan.

(g) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under German Generally Accepted Accounting Principles ("**HGB**") were audited by KPMG AG, PricewaterhouseCoopers GmbH and PricewaterhouseCoopers GmbH, respectively, certified public accountants registered in Germany.

(h) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under Financial Reporting Standards ("**FRSs**") were audited by CYPRESS SINGAPORE PAC, RSM SG Assurance LLP and RSM SG Assurance LLP, respectively, certified public accountants registered in Singapore.

(i) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under IFRS Accounting Standards were audited by KOMIYAMA & Co., KOMIYAMA & Co. and RSM Seiwa, respectively, certified public accountants registered in Japan.

**Company**

The carrying amounts of the Company's investments in subsidiaries are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Investment, at cost | 481,624 | 772,236 | 1,309,372 |
| Less: provision for impairment | 63,422 | 63,422 | 91,784 |
| Net carrying amount | 418,202 | 708,814 | 1,217,588 |

During the Relevant Periods, the directors assessed the investments in subsidiaries and concluded that impairment losses were recognised for certain subsidiaries reflecting deterioration in their financial performance. Besides that, the directors assessed and determined that no further impairment was required for the remaining investments in subsidiaries.

## 2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with lFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All lFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

**Basis of consolidation**

The Historical Financial Information include the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

| | |
|---|---|
| IFRS 18 | *Presentation and Disclosure in Financial Statements*[2] |
| IFRS 19 and its amendments | *Subsidiaries without Public Accountability: Disclosures*[2] |
| Amendments to IFRS 9 and IFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments*[1] |
| Amendments to IFRS 9 and IFRS 7 | *Contracts Referencing Nature-dependent Electricity*[1] |
| Amendments to IFRS 10 and IAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3] |
| Amendments to IAS 21 | *Translation to a Hyperinflationary Presentation Currency*[2] |
| *Annual Improvements to IFRS Accounting Standards — Volume 11* | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1] |

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

**Investments in associates**

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Fair value measurement**

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

**Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

**Related parties**

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

   (ii) has significant influence over the Group; or

   (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

   (i) the entity and the Group are members of the same group;

   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

   (iii) the entity and the Group are joint ventures of the same third party;

   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

   (vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Buildings | 4.75% to 9.90% |
| Machinery | 9.50% to 31.67% |
| Leasehold improvements | 10.00% to 33.33% |
| Others | 14.00% to 50.00% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

**Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

| | |
|---|---|
| Software | 3 to 5 years |
| Trademark | 10 years |
| Customer relationship | 8 years |

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the prevailing industry practice.

**Research and development costs**

All research costs are charged to the statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

**Leases**

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

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*(a) Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

| | |
|---|---|
| Offices and premises | 1.5 to 20 years |
| Land use rights | 50 to 70 years |
| Motor vehicles | 4 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*(b) Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

*(c) Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises, dormitories and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

**Investments and other financial assets**

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

The subsequent measurement of financial assets depends on their classification as follows:

***Financial assets at amortised cost (debt instruments)***

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

***Financial assets at fair value through other comprehensive income (debt instruments)***

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

***Financial assets designated at fair value through other comprehensive income (equity investments)***

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Impairment of financial assets**

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss ("**FVTPL**"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

***General approach***

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

***Simplified approach***

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as loans and borrowings, derivative financial instruments, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments and interest-bearing bank borrowings.

***Subsequent measurement***

The subsequent measurement of financial liabilities depends on their classification as follows:

***Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, interest-bearing bank borrowings)***

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Derivative financial instruments**

***Initial recognition and subsequent measurement***

The Group uses derivative financial instruments, such as foreign currency forward contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

**Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The amount of write-down of inventories to net realisable value is recognised as other expenses in consolidated statements of profit or loss in the period in which the write down occurs.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of automotive electronics products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

**Safety fund surplus reserve**

The Group's provisions for safety operations are determined based on the Group's revenue arising from the sale of automotive electronics products in compliance with related PRC rules and regulations. The Group records a corresponding cost when such expenditure for safety operations is incurred. The remaining provisions for the Group's obligations for safety operations are recorded as safety fund surplus reserve. The remaining provisions are not recorded in the statement of profit or loss while the Group decreases its retained profits when it recognises the safety fund surplus reserve.

**Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are 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 (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

**Revenue recognition**

***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

*(i) Sale of intelligent cockpit and intelligent driving products*

For sales to customers in Chinese mainland, revenue is recognised at the point in time when control of the products is transferred to customers, in accordance with the terms of the contract. This typically occurs upon customers' acceptance of the products, either upon delivery to customers' designated locations or upon withdrawal and confirmation of usage when the products are shipped to customers' manufacturing warehouses.

For sales to oversea customers, revenue is recognised at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract, generally occurs upon completion of customs clearance at the export port.

Some contracts for the sale of intelligent cockpit and intelligent driving products provide customers with rights of return and volume-based incentives, giving rise to variable consideration.

(a) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Group has not experienced material returns during the Track Record Period.

*(ii) Provision of technical services*

Revenue from the provision of technical services is recognised at the point in time when the technical services are rendered and accepted by the customers.

***Other income***

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

***Dividend income***

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

**Contract assets**

If the Group performs by transferring goods to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade and bills receivables when the right to the consideration becomes unconditional.

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

**Share-based payments**

The Company operates restricted shares schemes and stock option incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

**Other employee benefits**

***Pension scheme***

The employees of the Company and its subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and these subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

***Housing fund and other social insurances — Chinese mainland***

The Company and its subsidiaries which operate in Chinese mainland 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 in the Relevant Periods.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

**Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**Foreign currencies**

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of this entity are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statements of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting periods are translated into RMB at the weighted average exchange rate for each of the Relevant Periods.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

***Deferred tax assets***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group had accumulated tax losses of RMB223,923,000, RMB159,053,000 and RMB162,955,000 carried forward as at 31 December 2023, 2024 and 2025, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB40,231,000, RMB21,993,000 and RMB37,423,000 for the years ended 31 December 2023, 2024 and 2025, respectively. Further details on deferred tax are disclosed in note 17 to the Historical Financial Information.

***Development expenses***

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

**Estimation uncertainty**

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

***Provision for expected credit losses on trade receivables and contract assets***

The Group performed individual assessment on certain customers. These evaluations focused on the customer's settlement history and ability to pay, and took into account the information specific to the customer as well as pertaining to the current and future economic environment in which the customer operates.

For other trade receivables and contract assets, the Group uses a provision matrix to calculate ECLs. The provision rates are based on invoice date for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

***Write-down of inventories to net realisable value***

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amounts of inventories written down or the related reversals of write-down and affect the Group's financial position.

***Share-based payments***

During the vesting period, the Group makes the best estimate of the number of equity instruments expected to vest at the end of each of the Relevant Periods. Share-based payment expenses are recognised on a straight-line basis over the vesting period, based on the fair value of the equity instruments at the grant date and adjusted for the latest subsequent information regarding expected forfeitures.

The fair value of the equity instruments granted under the restricted share schemes is determined based on the market price of the underlying shares at the grant date. For equity instruments granted under the stock option incentive plan, the fair value is estimated using the Black-Scholes option pricing model, incorporating key assumptions such as the expected volatility, risk-free interest rate, expected term, and dividend yield. Further details are included in note 31 to the Historical Financial Information.

***Fair value of unlisted equity investments***

The unlisted equity investments have been measured at fair value using appropriate valuation techniques, primarily based on recent transaction prices and asset-based valuation methods. The determination of fair value requires significant management judgment, particularly in selecting the most appropriate valuation approach and in formulating key assumptions. These assumptions are sensitive to changes in market conditions, business performance, and investor sentiment. Further details are provided in Notes 21 and 38 to the Historical Financial Information.

***Provisions for warranties***

The Group provides for warranties in relation to the sale of intelligent cockpit products and intelligent driving products during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns. Actual outcome or expectation in future might be different from the original estimate, and such difference will be recognised in the periods in which such estimates have been changed.

**4. OPERATING SEGMENT INFORMATION**

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment. Therefore, the Group has only one reportable operating segment, which is engaged in the research, development, manufacturing and sale of intelligent mobility and broader intelligent systems, including intelligent cockpit products, intelligent driving products and others. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

**Geographical information**

***(a) Revenue from external customers***

Revenue is attributed to geographical areas based on the locations of customers. Revenues by geographical based on the locations of customers for each of the Relevant Periods are presented as follows:

*Segments*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Chinese mainland | 20,264,342 | 25,910,498 | 30,147,433 |
| Other regions or countries* | 1,643,661 | 1,707,566 | 2,409,745 |
| Total revenue | 21,908,003 | 27,618,064 | 32,557,178 |

* Other regions or countries mainly include Asia (excluding Chinese mainland) and Europe.

***(b) Non-current assets***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Chinese mainland | 3,402,160 | 4,033,132 | 5,113,255 |
| Other regions or countries | 204,054 | 273,320 | 303,008 |
| Total non-current assets | 3,606,214 | 4,306,452 | 5,416,263 |

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

**Information about major customers**

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer A | 4,996,468 | 6,604,289 | 4,335,072 |
| Customer E | * | 3,063,450 | 4,727,846 |
| Customer F | * | * | 3,655,189 |
| Customer C | * | * | 3,362,818 |

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the corresponding period.

**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of revenue is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue from contracts with customers | 21,908,003 | 27,618,064 | 32,557,178 |

**Revenue from contracts with customers**

***(a) Disaggregated revenue information***

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Types of products or services | | | |
| Intelligent cockpit products | 15,802,084 | 18,229,913 | 20,585,275 |
| Intelligent driving products | 4,485,228 | 7,313,790 | 9,700,095 |
| Others | 1,620,691 | 2,074,361 | 2,271,808 |
| Total | 21,908,003 | 27,618,064 | 32,557,178 |
| Geographical markets | | | |
| Chinese mainland | 20,264,342 | 25,910,498 | 30,147,433 |
| Other regions or countries | 1,643,661 | 1,707,566 | 2,409,745 |
| Total | 21,908,003 | 27,618,064 | 32,557,178 |
| Timing of revenue recognition | | | |
| Goods and services transferred at a point in time | 21,908,003 | 27,618,064 | 32,557,178 |

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | | |
| Intelligent cockpit products | 220,523 | 130,137 | 282,856 |
| Intelligent driving products | 13,576 | 33,057 | 73,257 |
| Others | 45,384 | 34,908 | 60,603 |
| | 279,483 | 198,102 | 416,716 |

***(b) Performance obligations***

Information about the Group's performance obligations is summarised below:

*Sale of products*

For sales to customers in Chinese Mainland, the performance obligation is generally satisfied upon customer acceptance, which occurs either upon delivery to customers' designated locations or upon customers' withdrawal and confirmation of usage by customers. For sales to oversea customers, the performance obligation is generally satisfied upon completion of customs clearance at the export port under international trade term.

Payment is generally due within 45 to 120 days from issuance of invoice and an advanced payment may be required as part of contractual arrangement for certain customers by the Group.

*Provision of technical services*

Revenue from the provision of technical services is recognized when the Group has satisfied the corresponding performance obligation and the services are accepted by the customers. Payment is generally due within 45 to 120 days from issuance of invoice and an advanced payment may be required as part of contractual arrangement for certain customers by the Group.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Amounts expected to be recognised as revenue: | | | |
| Within one year | 7,137,942 | 9,334,936 | 10,864,521 |
| After one year | 146,851 | 84,792 | 120,961 |
| Total | 7,284,793 | 9,419,728 | 10,985,482 |

An analysis of other income and gains is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other income** | | | |
| Interest income | 14,025 | 13,576 | 14,168 |
| Government grants* | 301,219 | 294,659 | 290,696 |
| Additional Value Added Tax ("VAT") deduction | 84,540 | 136,156 | 145,954 |
| Total other income | 399,784 | 444,391 | 450,818 |
| **Gains** | | | |
| Gains on foreign exchange differences | — | — | 1,332 |
| Gains on revision of lease terms | — | 289 | 221 |
| Gains on disposal of associates | — | 60,120 | 98,550 |
| Fair value gains on financial assets at fair value through profit or loss | 43,605 | — | 10,074 |
| Others | 6,235 | 7,179 | 15,319 |
| Total gains | 49,840 | 67,588 | 125,496 |
| Total other income and gains | 449,624 | 511,979 | 576,314 |

* Government grants relating to income include various government subsidies obtained by the group entities from the relevant government bodies in connection with R&D investment. All subsidies were recognised at the time when the Group fulfilled the relevant criteria and the related expenses were incurred.

Government grants relating to assets include government subsidies obtained by the Group in relation to the procurement and construction of, plant and equipment and the development of software, which were included in the consolidated statements of financial position as deferred income and credited to the statements of profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

**6. PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/(crediting):

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Notes* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cost of inventories sold | | 17,259,644 | 21,678,421 | 25,553,030 |
| Cost of services provided | | 272,503 | 450,069 | 795,947 |
| Depreciation of property, plant and equipment* | 13 | 354,365 | 482,466 | 602,296 |
| Depreciation of right-of-use assets* | | 24,764 | 25,876 | 31,212 |
| Amortisation of intangible assets* | | 141,965 | 160,088 | 136,946 |
| Lease payments not included in the measurement of lease liabilities | 14(c) | 5,358 | 14,969 | 11,695 |
| Employee benefit expenses (excluding directors' and supervisors' remuneration *(note 8)*)*****: | | | | |
| Wages, salaries and other allowances | | 2,250,125 | 2,484,861 | 3,120,971 |
| Pension scheme contributions | | 93,929 | 103,831 | 115,268 |
| Share-based payment expenses | | 130,531 | 66,279 | 84,094 |
| Total employee benefit expenses | | 2,474,585 | 2,654,971 | 3,320,333 |
| Foreign exchange differences, net**** | | 21,792 | 133,090 | (1,332) |
| Impairment losses on financial assets and contract assets, net | | 236,393 | 222,035 | 27,905 |
| Impairment losses on property, plant and equipment** | 13 | — | — | 87,571 |
| Derecognition of bills receivables** | | 24,419 | 29,641 | 45,117 |
| Write-down of inventories to net realisable value** | | 221,294 | 292,236 | 307,719 |
| Fair value losses on derivative financial instruments** | | 2,297 | 2,708 | 74,240 |
| Fair value (gains)/losses on financial assets at fair value through profit or loss**** | | (43,605) | 37,880 | (10,074) |
| Net loss on disposal of property, plant and equipment** | | 3,049 | 1,076 | 6,243 |
| Net gains on revision of lease terms*** | 5 | — | (289) | (221) |

* The depreciation of property, plant and equipment, amortisation of intangible assets, depreciation of right-of-use assets are included in "Cost of sales", "Selling and marketing expenses", "Administrative expenses", and "Research and development expenses" in the consolidated statements of profit or loss.

** Included in "Other expenses" in the consolidated statements of profit or loss.

*** Included in "Other income and gains" in the consolidated statements of profit or loss.

**** Included in "Other income and gains" or "Other expenses" in the consolidated statements of profit or loss.

***** Employee benefit expenses directly attributable to the sales of products and the provision of services are included in "Cost of inventories sold" and "Cost of services provided," respectively.

**7. FINANCE COSTS**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest on bank borrowings | 32,731 | 30,739 | 28,756 |
| Interest on lease liabilities | 2,884 | 2,789 | 3,370 |
| | 35,615 | 33,528 | 32,126 |
| Less: interest capitalised | — | 399 | 2,539 |
| Total | 35,615 | 33,129 | 29,587 |

**8. DIRECTORS' AND SUPERVISORS' REMUNERATION**

Directors' and supervisors' remuneration for the Relevant Periods is set out below:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Fees | 300 | 333 | 360 |
| Other emoluments: | | | |
| Salaries, allowances and benefits in kind | 5,980 | 7,465 | 5,410 |
| Performance related bonuses | 8,909 | 13,211 | 10,241 |
| Share-based payment expenses | — | 714 | 10,533 |
| Pension scheme contributions | 22 | 44 | 48 |
| Subtotal | 14,911 | 21,434 | 26,232 |
| Total | 15,211 | 21,767 | 26,592 |

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the restricted shares incentive scheme of the Company, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in the statements of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors' and supervisors' remuneration disclosures.

**(a) Independent non-executive directors**

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Mr. Luo Zhongliang | 100 | 111 | 120 |
| Dr. Xu Huanru | 100 | 111 | 120 |
| Dr. Xiong Mingliang | 100 | 111 | 120 |
| Total | 300 | 333 | 360 |

In March 2026, Mr. Luo Zhongliang resigned as the Company's independent non-executive director due to his personal arrangement. Ms. Li Wei was appointed as the Company's independent non-executive director effective on 26 March 2026.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

**(b) Executive directors, non-executive directors and supervisors**

| | Fees | Salaries, allowances and benefits in kind | Performance related bonuses | Share-based payment expenses | Pension scheme contributions | Total remuneration |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Year ended 31 December 2023 | | | | | | |
| Executive directors: | | | | | | |
| Mr. Tan Choon Lim | — | 3,281 | 4,694 | — | — | 7,975 |
| Mr. Gao Dapeng | — | 1,825 | 2,716 | — | 11 | 4,552 |
| Subtotal | — | 5,106 | 7,410 | — | 11 | 12,527 |
| Non-executive directors: | | | | | | |
| Mr. Jiang Jie | — | — | — | — | — | — |
| Mr. Li Bingbing | — | — | — | — | — | — |
| Mr. Wu Lichong | — | — | — | — | — | — |
| Mr. Yang Zhichao | — | — | — | — | — | — |
| Subtotal | — | — | — | — | — | — |
| Supervisors: | | | | | | |
| Mr. Yu Xiaohai | — | — | — | — | — | — |
| Mr. Xia Zhiwu | — | — | — | — | — | — |
| Mr. Ling Jianhui | — | 874 | 1,499 | — | 11 | 2,384 |
| Subtotal | — | 874 | 1,499 | — | 11 | 2,384 |
| Total | — | 5,980 | 8,909 | — | 22 | 14,911 |

| | Fees | Salaries, allowances and benefits in kind | Performance related bonuses | Share-based payment expenses | Pension scheme contributions | Total remuneration |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Year ended 31 December 2024 | | | | | | |
| Executive directors: | | | | | | |
| Mr. Gao Dapeng | — | 1,997 | 3,190 | — | 11 | 5,198 |
| Mr. Tan Choon Lim* | — | 2,579 | 4,916 | — | — | 7,495 |
| Mr. Xu Jian** | — | 1,058 | 1,806 | 714 | 11 | 3,589 |
| Subtotal | — | 5,634 | 9,912 | 714 | 22 | 16,282 |
| Non-executive directors: | | | | | | |
| Mr. Jiang Jie | — | — | — | — | — | — |
| Mr. Li Bingbing | — | — | — | — | — | — |
| Mr. Luo Xiang*** | — | — | — | — | — | — |
| Mr. Qiu Yaowen*** | — | — | — | — | — | — |
| Mr. Wu Lichong**** | — | — | — | — | — | — |
| Mr. Yang Zhichao**** | — | — | — | — | — | — |
| Subtotal | — | — | — | — | — | — |
| Supervisors: | | | | | | |
| Mr. Yu Xiaohai | — | — | — | — | — | — |
| Mr. Xia Zhiwu | — | — | — | — | — | — |
| Mr. Ling Jianhui***** | — | 912 | 1,714 | — | 11 | 2,637 |
| Mr. Duan Yongzheng***** | — | 919 | 1,585 | — | 11 | 2,515 |
| Subtotal | — | 1,831 | 3,299 | — | 22 | 5,152 |
| Total | — | 7,465 | 13,211 | 714 | 44 | 21,434 |

* Mr. Tan Choon Lim resigned as the Company's executive director in June 2024.

** Mr. Xu Jian was appointed as the Company's executive director in June 2024.

*** Mr. Luo Xiang and Mr. Qiu Yaowen were appointed as the Company's non-executive directors in June 2024.

**** Mr. Wu Lichong and Mr. Yang Zhichao resigned as the Company's non-executive directors in June 2024.

***** Mr. Ling Jianhui resigned as the Company's supervisor in June 2024 and Mr. Duan Yongzheng was appointed as the Company's supervisor in June 2024.

| | Fees | Salaries, allowances and benefits in kind | Performance related bonuses | Share-based payment expenses | Pension scheme contributions | Total remuneration |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Year ended 31 December 2025 | | | | | | |
| Executive directors: | | | | | | |
| Mr. Gao Dapeng . . . | — | 2,229 | 4,197 | 3,943 | 12 | 10,381 |
| Mr. Xu Jian* . . . . . . | — | 1,360 | 2,692 | 5,013 | 12 | 9,077 |
| Mr. Ling Jianhui** . . | — | 914 | 1,660 | 1,577 | 12 | 4,163 |
| Subtotal. . . . . . . . . . | — | 4,503 | 8,549 | 10,533 | 36 | 23,621 |
| Non-executive directors: | | | | | | |
| Mr. Jiang Jie . . . . . . | — | — | — | — | — | — |
| Mr. Li Bingbing . . . . | — | — | — | — | — | — |
| Mr. Luo Xiang. . . . . | — | — | — | — | — | — |
| Mr. Qiu Yaowen*** . | — | — | — | — | — | — |
| Subtotal. . . . . . . . . . | — | — | — | — | — | — |
| Supervisors: | | | | | | |
| Mr. Yu Xiaohai**** . | — | — | — | — | — | — |
| Mr. Xia Zhiwu****. . | — | — | — | — | — | — |
| Mr. Duan Yongzheng**** . . | — | 907 | 1,692 | — | 12 | 2,611 |
| Subtotal. . . . . . . . . . | — | 907 | 1,692 | — | 12 | 2,611 |
| Total. . . . . . . . . . . . | — | 5,410 | 10,241 | 10,533 | 48 | 26,232 |

* Mr. Xu Jian resigned as the Company's executive director in December 2025.

** Mr. Ling Jianhui was appointed as the Company's executive director in December 2025.

*** Mr. Qiu Yaowen resigned as the Company's non-executive director in March 2026.

**** The Company dissolved the supervisory committee in December 2025. Mr. Yu Xiaohai, Mr. Xia Zhiwu and Mr. Duan Yongzheng resigned from their position as supervisors accordingly.

***** Mr. Yin Yiqiang was appointed as the Company's non-executive director effective on 26 March 2026.

The remunerations of the directors and supervisors represent total remuneration received from the Group during the fiscal year in which they were appointed or resigned from their respective positions.

There were no emoluments payable to the non-executive directors during the Relevant Periods.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

**9. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the Relevant Periods included two, four and three directors and supervisors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three, one and two highest paid employee who is neither a director nor a supervisor of the Company are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, allowances and benefits in kind | 6,329 | 1,280 | 3,344 |
| Performance related bonuses | 2,942 | 1,953 | 3,571 |
| Share-based payment expenses | 1,352 | — | 3,154 |
| Pension scheme contributions | 22 | 70 | 68 |
| Total | 10,645 | 3,303 | 10,137 |

The number of non-director and non-supervisor highest paid employee whose remuneration fell within the following bands is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| HK$2,500,001 to HK$3,000,000 | 1 | — | — |
| HK$3,500,001 to HK$4,000,000 | — | 1 | — |
| HK$4,000,001 to HK$4,500,000 | 1 | — | — |
| HK$4,500,001 to HK$5,000,000 | 1 | — | 1 |
| HK$6,500,001 to HK$7,000,000 | — | — | 1 |
| Total | 3 | 1 | 2 |

**10. INCOME TAX**

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/or operate.

**Chinese mainland**

Pursuant to the Corporate Income Tax Law of the PRC (the "**CIT Law**") and the respective regulations, the Company and its subsidiaries which operate in the Chinese mainland are subject to income tax at the statutory rate of 25% on the taxable income, except for those subject to preferential tax set out below:

(a) On 11 December 2017, the Company was qualified as a High and New Technology Enterprise ("**HNTE**") for a three-year period, and subsequently renewed in 2020 and 2023 for another three-year period. Accordingly, the Company was entitled to a preferential income tax rate of 15% during the Relevant Periods. In addition, certain subsidiaries of the Company were also recognised as HNTEs during the Relevant Periods and therefore were entitled to preferential income tax rate of 15%.

(b) Certain subsidiaries are qualified as small low-profit entities by the relevant tax authorities. For taxable income not exceeding RMB3.0 million, the portion subject to tax is calculated at a reduced rate of 25%. The preferential income tax rate applicable to these subsidiaries is 20% during the Relevant Periods.

**Hong Kong**

The first HK$2.0 million of assessable profits of the Company's subsidiary in Hong Kong were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% for the Relevant Periods.

**Overseas**

The Group's oversea subsidiaries were subject to income tax at rates ranging from 17% to 35%.

**Pillar Two income taxes**

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development ("**OECD**"). The Pillar Two legislation had become effective in certain jurisdictions on 1 January 2024. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion ("**GloBE**") effective tax rate in each jurisdiction and the 15% minimum rate.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group during the Relevant Periods. Based on the assessment, all of the jurisdictions in which it operates under the potential impact of the Pillar Two legislation could benefit from Transitional CbCR Safe Harbour ("**TCSH**") for years ended 31 December 2024 and 2025 pursuant to GloBE Rules. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

The income tax expense/(credit) of the Group for the Relevant Periods is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current income tax | 85,410 | 168,205 | 187,003 |
| Deferred income tax *(note 17)* | (88,802) | (86,614) | (89,588) |
| Total | (3,392) | 81,591 | 97,415 |

A reconciliation of the tax expense applicable to profit before tax at the preferential tax rate for the country in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rate is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before tax | 1,538,182 | 2,099,662 | 2,570,336 |
| Tax at the preferential tax rate | 230,727 | 314,949 | 385,550 |
| Effect of different tax rates | (15) | (5,907) | (27,928) |
| Effect on opening deferred tax of changes in rates | 2,157 | (479) | — |
| Expenses not deductible for tax | 5,283 | 13,440 | 26,396 |
| Profits and losses attributable to associates* | (640) | 4,270 | (8,700) |
| Additional deductible allowance for qualified research and development costs** | (236,696) | (268,195) | (300,775) |
| Utilisation of previously unrecognised tax losses and deductible temporary differences | (3,964) | (6,461) | (20,040) |
| Tax losses and deductible temporary differences not recognised | 6,657 | 26,301 | 44,788 |
| Others | (6,901) | 3,673 | (1,876) |
| Tax (credit)/charge at the Group's effective tax rate | (3,392) | 81,591 | 97,415 |

* The share of tax attributable to associates amounting to RMB4,855,000, RMB5,394,000 and RMB4,225,000 for the years ended 31 December 2023, 2024 and 2025, respectively, is included in "Share of profits and losses of associates" in the statement of profit or loss.

** According to the PRC Corporate Income Tax regulations, the Company and certain subsidiaries was entitled to additional deduction of 100% of qualified research and development expenses from taxable income.

## 11. DIVIDEND

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Final dividend in respect of the previous year declared during the following year (tax inclusive) | 305,359 | 466,205 | 665,939 |

Final dividend of RMB5.5 per 10 ordinary shares (tax inclusive) in respect of the year ended 31 December 2022 with aggregate amount of RMB305,359,000, was approved by the annual general meeting of the Company, which was subsequently updated to RMB305,208,000 based on the Company's outstanding shares as of the ex-dividend date.

Final dividends of RMB8.40 and RMB12.0 per 10 shares (tax inclusive) in respect of the years ended 31 December 2023 and 2024 were approved by the annual general meeting of the Company, with aggregate amount of RMB466,205,000 and RMB665,939,000, respectively, were subsequently paid.

In March 2026, a final dividend of RMB12.5 per 10 shares (tax inclusive), totaling approximately RMB742,438,000, in respect of the year ended 31 December 2025, was approved by the annual general meeting of the Company.

**12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, adjusted to reflect the cash dividends distributed to the expected vested shares under restricted share incentive scheme, and the weighted averages number of ordinary shares outstanding during the Relevant Periods.

The restricted shares granted under the restricted share incentive scheme and stock option incentive plan by the Company have potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Earnings | | | |
| Profit for the year attributable to ordinary equity holders of the parent | 1,546,736 | 2,004,875 | 2,453,585 |
| Less: cash dividends distributed to the restricted share incentive scheme | 1,846 | 1,388 | — |
| Adjusted profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 1,544,890 | 2,003,487 | 2,453,585 |

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *'000* | *'000* | *'000* |
| Shares: | | | |
| Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculations | 550,014 | 551,689 | 563,820 |
| Effect of dilution — weighted average number of ordinary shares: | | | |
| Share options and other incentive schemes | 2,404 | 1,654 | 1,714 |
| Total | 552,418 | 553,343 | 565,534 |

## 13. PROPERTY, PLANT AND EQUIPMENT

**The Group**

| 31 December 2023 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023: | | | | | | | |
| Cost | 945,530 | 1,283,121 | 98,567 | 558,891 | 235,618 | 265,494 | 3,387,221 |
| Accumulated depreciation | (204,373) | (635,158) | (89,843) | (461,942) | (108,596) | — | (1,499,912) |
| Net carrying amount | 741,157 | 647,963 | 8,724 | 96,949 | 127,022 | 265,494 | 1,887,309 |
| At 1 January 2023, accumulated depreciation | 741,157 | 647,963 | 8,724 | 96,949 | 127,022 | 265,494 | 1,887,309 |
| Additions | — | 292,536 | 13,048 | 73,851 | 82,619 | 419,875 | 881,929 |
| Disposals | — | (6,111) | — | — | (324) | — | (6,435) |
| Transfers | 333,320 | 186,552 | — | — | 325 | (520,197) | — |
| Depreciation provided during the year | (65,989) | (179,055) | (5,312) | (40,837) | (63,172) | — | (354,365) |
| Exchange realignment | 1,233 | 986 | 178 | — | 665 | 1,365 | 4,427 |
| At 31 December 2023, net of accumulated depreciation | 1,009,721 | 942,871 | 16,638 | 129,963 | 147,135 | 166,537 | 2,412,865 |
| At 31 December 2023: | | | | | | | |
| Cost | 1,280,184 | 1,707,281 | 111,796 | 632,742 | 314,093 | 166,537 | 4,212,633 |
| Accumulated depreciation | (270,463) | (764,410) | (95,158) | (502,779) | (166,958) | — | (1,799,768) |
| Net carrying amount | 1,009,721 | 942,871 | 16,638 | 129,963 | 147,135 | 166,537 | 2,412,865 |

| 31 December 2024 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2024: | | | | | | | |
| Cost | 1,280,184 | 1,707,281 | 111,796 | 632,742 | 314,093 | 166,537 | 4,212,633 |
| Accumulated depreciation | (270,463) | (764,410) | (95,158) | (502,779) | (166,958) | — | (1,799,768) |
| Net carrying amount | 1,009,721 | 942,871 | 16,638 | 129,963 | 147,135 | 166,537 | 2,412,865 |
| At 1 January 2024, accumulated depreciation | 1,009,721 | 942,871 | 16,638 | 129,963 | 147,135 | 166,537 | 2,412,865 |
| Additions | — | 410,143 | 7,736 | 104,647 | 30,398 | 704,814 | 1,257,738 |
| Disposals | — | (1,946) | — | — | (594) | — | (2,540) |
| Transfers | 88,622 | 331,985 | — | — | 1,868 | (422,475) | — |
| Depreciation provided during the year | (89,652) | (263,967) | (6,764) | (79,278) | (42,805) | — | (482,466) |
| Exchange realignment | (911) | (1,147) | (1,015) | — | (560) | (3,670) | (7,303) |
| At 31 December 2024, net of accumulated depreciation | 1,007,780 | 1,417,939 | 16,595 | 155,332 | 135,442 | 445,206 | 3,178,294 |
| At 31 December 2024: | | | | | | | |
| Cost | 1,367,700 | 2,420,187 | 118,489 | 737,390 | 339,916 | 445,206 | 5,428,888 |
| Accumulated depreciation | (359,920) | (1,002,248) | (101,894) | (582,058) | (204,474) | — | (2,250,594) |
| Net carrying amount | 1,007,780 | 1,417,939 | 16,595 | 155,332 | 135,442 | 445,206 | 3,178,294 |

| 31 December 2025 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2025: | | | | | | | |
| Cost | 1,367,700 | 2,420,187 | 118,489 | 737,390 | 339,916 | 445,206 | 5,428,888 |
| Accumulated depreciation | (359,920) | (1,002,248) | (101,894) | (582,058) | (204,474) | — | (2,250,594) |
| Net carrying amount | 1,007,780 | 1,417,939 | 16,595 | 155,332 | 135,442 | 445,206 | 3,178,294 |
| At 1 January 2025, accumulated depreciation | 1,007,780 | 1,417,939 | 16,595 | 155,332 | 135,442 | 445,206 | 3,178,294 |
| Additions | 51,827 | 469,938 | 1,917 | 137,419 | 40,159 | 901,773 | 1,603,033 |
| Disposals | — | (13,916) | — | (10,422) | (1,008) | — | (25,346) |
| Transfers | 214,280 | 196,868 | — | — | 10,196 | (421,344) | — |
| Depreciation provided during the year | (102,713) | (342,436) | (6,240) | (106,159) | (44,748) | — | (602,296) |
| Impairment *(note)* | (39,343) | (162) | (6,355) | — | (169) | (41,542) | (87,571) |
| Exchange realignment | 3,057 | 2,138 | 472 | — | 1,097 | 9,848 | 16,612 |
| At 31 December 2025, net of accumulated depreciation and impairment | 1,134,888 | 1,730,369 | 6,389 | 176,170 | 140,969 | 893,941 | 4,082,726 |
| At 31 December 2025: | | | | | | | |
| Cost | 1,637,965 | 3,000,348 | 120,878 | 850,713 | 384,353 | 934,760 | 6,929,017 |
| Accumulated depreciation and impairment | (503,077) | (1,269,979) | (114,489) | (674,543) | (243,384) | (40,819) | (2,846,291) |
| Net carrying amount | 1,134,888 | 1,730,369 | 6,389 | 176,170 | 140,969 | 893,941 | 4,082,726 |

*Note:*

During the year ended 31 December 2025, management identified impairment indicator for certain items of property, plant and equipment related to the Group's oversea R&D facilities and an impairment testing was performed. As a result, the Group provided impairment loss of RMB87,571,000 based on the recoverable amount, as determined being the higher of value in use and fair value less cost to sell.

**The Company**

| 31 December 2023 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023: | | | | | | | |
| Cost | 923,037 | 1,188,993 | 96,631 | 558,876 | 188,385 | 239,543 | 3,195,465 |
| Accumulated depreciation | (203,237) | (593,732) | (89,668) | (461,940) | (82,816) | — | (1,431,393) |
| Net carrying amount | 719,800 | 595,261 | 6,963 | 96,936 | 105,569 | 239,543 | 1,764,072 |
| At 1 January 2023, accumulated depreciation | 719,800 | 595,261 | 6,963 | 96,936 | 105,569 | 239,543 | 1,764,072 |
| Additions | — | 273,324 | — | 73,846 | 68,967 | 316,107 | 732,244 |
| Disposals | — | (4,744) | — | — | (2,600) | — | (7,344) |
| Transfers | 331,733 | 123,939 | — | — | 180 | (455,852) | — |
| Depreciation provided during the year | (64,196) | (159,337) | (2,287) | (40,829) | (52,958) | — | (319,607) |
| At 31 December 2023, net of accumulated depreciation | 987,337 | 828,443 | 4,676 | 129,953 | 119,158 | 99,798 | 2,169,365 |
| At 31 December 2023: | | | | | | | |
| Cost | 1,254,770 | 1,535,480 | 96,631 | 632,722 | 249,525 | 99,798 | 3,868,926 |
| Accumulated depreciation | (267,433) | (707,037) | (91,955) | (502,769) | (130,367) | — | (1,699,561) |
| Net carrying amount | 987,337 | 828,443 | 4,676 | 129,953 | 119,158 | 99,798 | 2,169,365 |

| 31 December 2024 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2024: | | | | | | | |
| Cost | 1,254,770 | 1,535,480 | 96,631 | 632,722 | 249,525 | 99,798 | 3,868,926 |
| Accumulated depreciation | (267,433) | (707,037) | (91,955) | (502,769) | (130,367) | — | (1,699,561) |
| Net carrying amount | 987,337 | 828,443 | 4,676 | 129,953 | 119,158 | 99,798 | 2,169,365 |
| At 1 January 2024, accumulated depreciation | 987,337 | 828,443 | 4,676 | 129,953 | 119,158 | 99,798 | 2,169,365 |
| Additions | — | 405,579 | — | 104,648 | 15,136 | 451,515 | 976,878 |
| Disposals | — | (1,946) | — | — | (270) | — | (2,216) |
| Transfers | 87,733 | 321,408 | — | — | 1,869 | (411,010) | — |
| Depreciation provided during the year | (87,897) | (245,825) | (2,354) | (79,269) | (32,015) | — | (447,360) |
| At 31 December 2024, net of accumulated depreciation | 987,173 | 1,307,659 | 2,322 | 155,332 | 103,878 | 140,303 | 2,696,667 |
| At 31 December 2024: | | | | | | | |
| Cost | 1,342,503 | 2,235,682 | 96,631 | 737,370 | 263,374 | 140,303 | 4,815,863 |
| Accumulated depreciation | (355,330) | (928,023) | (94,309) | (582,038) | (159,496) | — | (2,119,196) |
| Net carrying amount | 987,173 | 1,307,659 | 2,322 | 155,332 | 103,878 | 140,303 | 2,696,667 |

| 31 December 2025 | Buildings | Machinery | Leasehold improvements | Tools and Fixtures | Motor vehicles and Electronic equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2025: | | | | | | | |
| Cost | 1,342,503 | 2,235,682 | 96,631 | 737,370 | 263,374 | 140,303 | 4,815,863 |
| Accumulated depreciation | (355,330) | (928,023) | (94,309) | (582,038) | (159,496) | — | (2,119,196) |
| Net carrying amount | 987,173 | 1,307,659 | 2,322 | 155,332 | 103,878 | 140,303 | 2,696,667 |
| At 1 January 2025, accumulated depreciation | 987,173 | 1,307,659 | 2,322 | 155,332 | 103,878 | 140,303 | 2,696,667 |
| Additions | 1,257 | 432,172 | — | 137,420 | 24,189 | 245,532 | 840,570 |
| Disposals | — | (11,850) | — | (10,422) | (1,338) | — | (23,610) |
| Transfers | 151,879 | 88,071 | — | — | 6,942 | (246,892) | — |
| Depreciation provided during the year | (98,996) | (323,177) | (1,102) | (106,159) | (32,667) | — | (562,101) |
| At 31 December 2025, net of accumulated depreciation | 1,041,313 | 1,492,875 | 1,220 | 176,171 | 101,004 | 138,943 | 2,951,526 |
| At 31 December 2025: | | | | | | | |
| Cost | 1,495,639 | 2,666,982 | 96,558 | 850,694 | 286,592 | 138,943 | 5,535,408 |
| Accumulated depreciation | (454,326) | (1,174,107) | (95,338) | (674,523) | (185,588) | — | (2,583,882) |
| Net carrying amount | 1,041,313 | 1,492,875 | 1,220 | 176,171 | 101,004 | 138,943 | 2,951,526 |

## 14. LEASES

**The Group as a lessee**

The Group has lease contracts for various items of offices and premises and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the land use rights from the government with lease periods of 50 to 70 years, and no ongoing payments will be made under the terms of these land use rights. Leases of offices and premises and motor vehicles generally have lease terms between 1.5 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

***(a) Right-of-use assets***

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

*The Group*

| **Year ended 31 December 2023** | **Offices and premises** | **Land use rights** | **Motor vehicles** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023: | | | | |
| Cost | 89,110 | 114,916 | 470 | 204,496 |
| Accumulated depreciation | (17,882) | (18,967) | (113) | (36,962) |
| Net carrying amount | 71,228 | 95,949 | 357 | 167,534 |
| At 1 January 2023, net of accumulated depreciation | 71,228 | 95,949 | 357 | 167,534 |
| Additions | 22,355 | — | — | 22,355 |
| Depreciation provided during the year | (22,207) | (2,331) | (226) | (24,764) |
| Revision of lease terms | (475) | — | — | (475) |
| Exchange realignment | 2,713 | — | — | 2,713 |
| At 31 December 2023 | 73,614 | 93,618 | 131 | 167,363 |

| **Year ended 31 December 2024** | **Offices and premises** | **Land use rights** | **Motor vehicles** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2024: | | | | |
| Cost | 109,589 | 114,916 | 470 | 224,975 |
| Accumulated depreciation | (35,975) | (21,298) | (339) | (57,612) |
| Net carrying amount | 73,614 | 93,618 | 131 | 167,363 |
| At 1 January 2024, net of accumulated depreciation | 73,614 | 93,618 | 131 | 167,363 |
| Additions | 22,326 | 99,558 | — | 121,884 |
| Depreciation provided during the year | (23,384) | (4,039) | (112) | (27,535) |
| Revision of lease terms | (560) | — | — | (560) |
| Exchange realignment | (2,836) | — | — | (2,836) |
| At 31 December 2024 | 69,160 | 189,137 | 19 | 258,316 |

| **Year ended 31 December 2025** | **Offices and premises** | **Land use rights** | **Motor vehicles** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2025: | | | | |
| Cost | 111,888 | 214,474 | 470 | 326,832 |
| Accumulated depreciation | (42,728) | (25,337) | (451) | (68,516) |
| Net carrying amount | 69,160 | 189,137 | 19 | 258,316 |
| At 1 January 2025, net of accumulated depreciation | 69,160 | 189,137 | 19 | 258,316 |
| Additions | 53,098 | 263 | — | 53,361 |
| Depreciation provided during the year | (26,821) | (4,372) | (19) | (31,212) |
| Revision of lease terms | (2,593) | — | — | (2,593) |
| Exchange realignment | 3,885 | — | — | 3,885 |
| At 31 December 2025 | 96,729 | 185,028 | — | 281,757 |

*The Company*

| **Year ended 31 December 2023** | **Offices and premises** *RMB'000* | **Land use rights** *RMB'000* | **Motor vehicles** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| At 1 January 2023: | | | | |
| Cost | 3,792 | 114,916 | 470 | 119,178 |
| Accumulated depreciation | (2,027) | (18,967) | (113) | (21,107) |
| Net carrying amount | 1,765 | 95,949 | 357 | 98,071 |
| At 1 January 2023, net of accumulated depreciation | 1,765 | 95,949 | 357 | 98,071 |
| Additions | 903 | — | — | 903 |
| Depreciation provided during the year | (1,326) | (2,331) | (226) | (3,883) |
| Revision of lease terms | (475) | — | — | (475) |
| At 31 December 2023 | 867 | 93,618 | 131 | 94,616 |

| **Year ended 31 December 2024** | **Offices and premises** *RMB'000* | **Land use rights** *RMB'000* | **Motor vehicles** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| At 1 January 2024: | | | | |
| Cost | 2,194 | 114,916 | 470 | 117,580 |
| Accumulated depreciation | (1,327) | (21,298) | (339) | (22,964) |
| Net carrying amount | 867 | 93,618 | 131 | 94,616 |
| At 1 January 2024, net of accumulated depreciation | 867 | 93,618 | 131 | 94,616 |
| Depreciation provided during the year | (416) | (2,381) | (112) | (2,909) |
| Revision of lease terms | (33) | — | — | (33) |
| At 31 December 2024 | 418 | 91,237 | 19 | 91,674 |

| **Year ended 31 December 2025** | **Offices and premises** *RMB'000* | **Land use rights** *RMB'000* | **Motor vehicles** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| At 1 January 2025: | | | | |
| Cost | 870 | 114,916 | 470 | 116,256 |
| Accumulated depreciation | (452) | (23,679) | (451) | (24,582) |
| Net carrying amount | 418 | 91,237 | 19 | 91,674 |
| At 1 January 2025, net of accumulated depreciation | 418 | 91,237 | 19 | 91,674 |
| Additions | 2,117 | — | — | 2,117 |
| Depreciation provided during the year | (524) | (2,378) | (19) | (2,921) |
| At 31 December 2025 | 2,011 | 88,859 | — | 90,870 |

***(b) Lease liabilities***

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

*The Group*

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 75,393 | 77,413 | 75,073 |
| New leases | 22,355 | 22,326 | 53,098 |
| Accretion of interest recognised during the year *(note 7)* | 2,884 | 2,789 | 3,370 |
| Revision of lease terms | (475) | (849) | (2,814) |
| Payments | (23,008) | (24,304) | (30,148) |
| Exchange realignment | 264 | (2,302) | 4,069 |
| Carrying amount at the end of the year | 77,413 | 75,073 | 102,648 |
| Analysed into: | | | |
| Current portion | 20,285 | 17,053 | 22,220 |
| Non-current portion | 57,128 | 58,020 | 80,428 |

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 2,635 | 934 | 476 |
| New leases | 903 | — | 2,117 |
| Accretion of interest recognised during the year *(note 7)* | 39 | 28 | 19 |
| Payments | (2,643) | (486) | (482) |
| Carrying amount at the end of the year | 934 | 476 | 2,130 |
| Analysed into: | | | |
| Current portion | 563 | 476 | 394 |
| Non-current portion | 371 | — | 1,736 |

***(c)*** The amounts recognised in the statements of profit or loss in relation to leases are as follows:

*The Group*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest on lease liabilities *(note 7)* | 2,884 | 2,789 | 3,370 |
| Depreciation charge of right-of-use assets *(note 6)* | 24,764 | 27,535 | 31,212 |
| Expense relating to short-term leases and low-value assets *(note 6)* | 5,358 | 14,969 | 11,695 |
| Gains on revision of lease terms *(note 5)* | — | (289) | (221) |
| Total amount recognised in profit or loss | 33,006 | 45,004 | 46,056 |

**15. OTHER INTANGIBLE ASSETS**

**The Group**

| **31 December 2023** | **Software** | **Trademark** | **Customer relationship** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023: | | | | |
| Cost | 550,022 | 7,970 | 28,427 | 586,419 |
| Accumulated amortisation and impairment | (339,347) | (3,660) | (27,313) | (370,320) |
| Net carrying amount | 210,675 | 4,310 | 1,114 | 216,099 |
| At 1 January 2023, net of accumulated amortisation and impairment | 210,675 | 4,310 | 1,114 | 216,099 |
| Additions | 229,433 | — | — | 229,433 |
| Amortisation provided during the year | (139,807) | (1,008) | (1,150) | (141,965) |
| Exchange realignment | 347 | 228 | 36 | 611 |
| At 31 December 2023, net of accumulated amortisation and impairment | 300,648 | 3,530 | — | 304,178 |
| At 31 December 2023: | | | | |
| Cost | 759,306 | 8,438 | 30,097 | 797,841 |
| Accumulated amortisation and impairment | (458,658) | (4,908) | (30,097) | (493,663) |
| Net carrying amount | 300,648 | 3,530 | — | 304,178 |

| **31 December 2024** | **Software** | **Trademark** | **Customer relationship** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2024: | | | | |
| Cost | 759,306 | 8,438 | 30,097 | 797,841 |
| Accumulated amortisation and impairment | (458,658) | (4,908) | (30,097) | (493,663) |
| Net carrying amount | 300,648 | 3,530 | — | 304,178 |
| At 1 January 2024, net of accumulated amortisation and impairment | 300,648 | 3,530 | — | 304,178 |
| Additions | 85,828 | — | — | 85,828 |
| Amortisation provided during the year | (159,075) | (1,013) | — | (160,088) |
| Exchange realignment | (99) | (126) | — | (225) |
| At 31 December 2024, net of accumulated amortisation and impairment | 227,302 | 2,391 | — | 229,693 |
| At 31 December 2024: | | | | |
| Cost | 843,568 | 8,080 | 28,820 | 880,468 |
| Accumulated amortisation and impairment | (616,266) | (5,689) | (28,820) | (650,775) |
| Net carrying amount | 227,302 | 2,391 | — | 229,693 |

| **31 December 2025** | **Software** *RMB'000* | **Trademark** *RMB'000* | **Customer relationship** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| At 1 January 2025: | | | | |
| Cost | 843,568 | 8,080 | 28,820 | 880,468 |
| Accumulated amortisation and impairment | (616,266) | (5,689) | (28,820) | (650,775) |
| Net carrying amount | 227,302 | 2,391 | — | 229,693 |
| At 1 January 2025, net of accumulated amortisation and impairment | 227,302 | 2,391 | — | 229,693 |
| Additions | 161,807 | — | — | 161,807 |
| Amortisation provided during the year | (137,875) | (1,064) | — | (138,939) |
| Disposals | (26) | — | — | (26) |
| Exchange realignment | 109 | 207 | — | 316 |
| At 31 December 2025, net of accumulated amortisation and impairment | 251,317 | 1,534 | — | 252,851 |
| At 31 December 2025: | | | | |
| Cost | 721,604 | 8,842 | 31,538 | 761,984 |
| Accumulated amortisation and impairment | (470,287) | (7,308) | (31,538) | (509,133) |
| Net carrying amount | 251,317 | 1,534 | — | 252,851 |

**The Company**

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** *RMB'000* | **2024** *RMB'000* | **2025** *RMB'000* |
| Software | | | |
| At beginning of year | | | |
| Cost | 473,842 | 677,534 | 761,873 |
| Accumulated amortisation | (280,980) | (386,185) | (538,841) |
| Net carrying amount | 192,862 | 291,349 | 223,032 |
| At beginning of year, net of accumulated amortisation | 192,862 | 291,349 | 223,032 |
| Additions | 225,802 | 84,339 | 158,471 |
| Amortisation provided during the year | (127,315) | (152,656) | (134,118) |
| Disposals | — | — | (26) |
| At end of year, net of accumulated amortisation | 291,349 | 223,032 | 247,359 |
| At end of year: | | | |
| Cost | 677,534 | 761,873 | 633,221 |
| Accumulated amortisation | (386,185) | (538,841) | (385,862) |
| Net carrying amount | 291,349 | 223,032 | 247,359 |

## 16. INVESTMENTS IN ASSOCIATES

**The Group**

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** *RMB'000* | **2024** *RMB'000* | **2025** *RMB'000* |
| Share of net assets | 366,434 | 366,585 | 416,809 |
| Goodwill on acquisition | 131,929 | 102,742 | 55,654 |
| Less: unrealised transaction profits | (1,514) | (986) | (378) |
| Total | 496,849 | 468,341 | 472,085 |

The Group's outstanding balances with the associates are disclosed in note 36 to the Historical Financial Information.

Particulars of the Group's associates are as follow, which are all incorporated in Chinese mainland:

| Name | *Notes* | Percentage of ownership interest attributable to the Group As at 31 December 2023 | 2024 | 2025 | Principal activities |
|---|---|---|---|---|---|
| Nullmax Technology (Shanghai) Co., Ltd.* (紐勱科技(上海)有限公司) | (a) | 4.4% | — | — | Research and development of intelligent driving |
| FulScience Automotive Electronics Co., Ltd.* (富賽汽車電子有限公司) | | 45.0% | 45.0% | 45.0% | Manufacturing and sales of automotive electronic product |
| Changchun Zhixiang Investment Co., Ltd.* (長春智享投資有限公司) | | 49.0% | 49.0% | 49.0% | Investment |
| Audiowell Electronics (Guangdong) Co., Ltd.* (廣東奧迪威傳感科技股份有限公司) | (b) | 5.5% | 3.7% | — | Manufacturing and sales of sensor |
| Guangdong Hongjing Optoelectronic Technology Inc.* (廣東弘景光電科技股份有限公司) | (c) | 5.7% | 5.7% | 4.2% | Manufacturing and sales of optoelectronic product |
| Anhui Fulstar Technology Co., Ltd.* (安徽孚世達科技有限公司) | (d) | — | 5.7% | 15.4% | Manufacturing and sales of automotive electronic product |
| Zhejiang Chiyun Technology Co., Ltd.* (浙江熾雲科技有限公司) | (e) | 9.1% | 9.1% | 8.6% | Manufacturing and sales of automotive HUD product |
| Xiamen Tongxin Zhengyi Management Consulting Partnership* (廈門同芯正意管理諮詢合夥企業(有限合夥)) | (f) | 28.7% | 28.7% | — | Investment |
| Guangdong Yuecai SV Venture Capital Partnership* (廣東粵財西威汽車創業投資合夥企業(有限合夥)) | | 35.6% | 35.6% | 35.6% | Investment |
| Changjiang Zhongda SV (Hangzhou) Management Consulting Partnership* (長江中大西威(杭州)管理諮詢合夥企業(有限合夥)) | (g) | — | 26.3% | 16.7% | Investment |
| Changjiang Zhongda SV (Hangzhou) Equity Investment Fund Partnership* (長江中大西威(杭州)股權投資基金合夥企業(有限合夥)) | (h) | — | 16.6% | 16.5% | Investment |

* The English names of above companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

During the Relevant Periods, the Group held less than 20% equity interest in certain associates. In the opinion of the directors of the Company, although the Group held less than 20% equity interest in these certain associates, it was concluded that the Group was able to exercise significant influence over them as the Group had the right to appoint a director to the associates' boards under respective agreement.

(a) During the year ended 31 December 2024, the Group disposed of a 2.2% equity interest in Nullmax Technology (Shanghai) Co., Ltd., reducing its ownership to 2.2% upon completion of the transaction. As a result, the Group ceased its right to appoint a director to the associate's board and reclassified the remaining investment in the associate as a financial asset measured at fair value through profit or loss.

During the Relevant Periods, Nullmax (Cayman) Limited became the ultimate holding company of Nullmax Technology (Shanghai) Co., Ltd., and in connection with the reorganisation, the Group's shareholding in Nullmax Technology (Shanghai) Co., Ltd. was switched as the investment in Nullmax (Cayman) Limited with the same ownership percentage preserved under the new holding entity.

(b) During the year ended 31 December 2024, the Group disposed of a 1.8% equity interest in Audiowell Electronics (Guangdong) Co., Ltd., reducing its ownersihp to 3.7% upon completion of the transaction. The Group is assessed to have significant influence over the investee subsequent to the transaction as the Group still had the right to appoint a director to the investee's board. During the year ended 31 December 2025, the Group disposed all of its remaining 3.7% equity interest in Audiowell Electronics (Guangdong) Co., Ltd.

The share of Audiowell Electronics (Guangdong) Co., Ltd was listed in Beijing Stock Exchange in 2022, and the fair value of the Group's investment as at 31 December 2023 and 2024 were RMB142,648,000 and RMB110,931,000, respectively.

(c) During the year ended 31 December 2025, the share of Guangdong Hongjing Optoelectronic Technology Inc.was listed in Shenzhen Stock Exchange. As a result, the Group's equity interest in this associate was diluted from 5.7% to 4.2%. The fair value of the Group's investment as at 31 December 2025 is RMB328,936,000.

(d) During the year ended 31 December 2025, additional capital was injected into Anhui Fulstar Technology Co., Ltd. by the Company and other shareholders, resulting in a change of the Group's equity interest from 5.7% to 15.4%.

(e) During the year ended 31 December 2025, capital was injected into Zhejiang Chiyun Technology Co., Ltd., by a new shareholder, resulting in a dilution of the Group's equity interest diluted from 9.1% to 8.6%.

(f) During the year ended 31 December 2025, the Group disposed of its entire of equity interest in Xiamen Tongxin Zhengyi Management Consulting Partnership.

(g) During the year ended 31 December 2025, additional capital was injected into Changjiang Zhongda SV (Hangzhou) Management Consulting Partnership. by other shareholders, resulting in a dilution of the Group's equity interest diluted from 26.3% to 16.7%.

(h) During the year ended 31 December 2025, additional capital was injected into Changjiang Zhongda SV (Hangzhou) Equity Investment Fund Partnership. by other shareholders, resulting in a dilution of the Group's equity interest diluted from 16.6% to 16.5%.

Except for Guangdong Yuecai SV Venture Capital Partnership, Changjiang Zhongda SV (Hangzhou) Management Consulting Partnership and Changjiang Zhongda SV (Hangzhou) Equity Investment Fund Partnership, the Group's interests in the associates are held directly by the Company.

The directors of the Company have assessed and concluded that none of the above investments are considered as a material associate of the Group. The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share of the associates' profit/(loss) for the year | 4,269 | (29,197) | 60,526 |
| Share of the associates' other comprehensive (loss)/income | (13) | 33 | 39 |
| Share of other reserve of associates | 19,418 | 5,419 | (1,024) |
| Dividend declared during the year | (771) | (2,080) | (4,968) |
| Unrealised transaction profits | (1,514) | 528 | 608 |
| Acquisitions of the investment of associates | 90,000 | 55,000 | 10,000 |
| Disposals of the investment of associates | — | (58,211) | (61,437) |
| Aggregate carrying amount of the Group's investments in the associates | 496,849 | 468,341 | 472,085 |

**The Company**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share of net assets | 316,434 | 267,852 | 316,469 |
| Goodwill on acquisition | 131,929 | 102,742 | 55,654 |
| Less: unrealised transaction profits | (1,514) | (986) | (378) |
| Total | 446,849 | 369,608 | 371,745 |

The particulars of the Company's associates are disclosed in the corresponding section of the Group's information as the majority of the Group's associates are held directly by the Company.

The directors of the Company have assessed and concluded that none of the above investments are considered as a material associate of the Company. The following table illustrates the aggregate financial information of the Company's associates that are not individually material:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Share of the associates' profit/(loss) for the year | 2,755 | (27,939) | 58,609 |
| Share of the associates' other comprehensive (loss)/income | (13) | 33 | 39 |
| Share of other reserve of associates | 19,418 | 5,419 | (1,024) |
| Dividend declared during the year | (771) | (1,543) | (4,050) |
| Acquisitions of the investment of associates | 40,000 | 5,000 | 10,000 |
| Disposals of the investment of associates | — | (58,211) | (61,437) |
| Aggregate carrying amount of the Group's investments in the associates | 446,849 | 369,608 | 371,745 |

## 17. DEFERRED TAX

The movements in deferred tax assets of the Group during the end of each of the Relevant Periods are as follows:

**Deferred tax assets**

***The Group***

| | Tax losses | Deferred income | Impairment and write-down | Unrealised internal trading profits | Lease liabilities | Share based payment expenses | Accrued payroll | Provision and estimated liabilities | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023 | 5,848 | 15,419 | 55,057 | 3,030 | 88 | 18,288 | 318 | 66,359 | 975 | 165,382 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year | (708) | 5,321 | 56,363 | 2,703 | 19,487 | 3,418 | 25,689 | (2,412) | (382) | 109,479 |
| Exchange realignment | 731 | — | 224 | — | — | — | 76 | 5 | — | 1,036 |
| At 31 December 2023 | 5,871 | 20,740 | 111,644 | 5,733 | 19,575 | 21,706 | 26,083 | 63,952 | 593 | 275,897 |
| At 1 January 2024 | 5,871 | 20,740 | 111,644 | 5,733 | 19,575 | 21,706 | 26,083 | 63,952 | 593 | 275,897 |
| Deferred tax (charged)/credited to the statement of profit or loss during the year | (119) | 14,356 | 54,653 | 4,951 | (1,734) | (11,115) | (9,269) | 20,980 | 6,984 | 79,687 |
| Exchange realignment | (76) | — | (3) | — | — | — | (14) | (1) | — | (94) |
| At 31 December 2024 | 5,676 | 35,096 | 166,294 | 10,684 | 17,841 | 10,591 | 16,800 | 84,931 | 7,577 | 355,490 |
| At 1 January 2025 | 5,676 | 35,096 | 166,294 | 10,684 | 17,841 | 10,591 | 16,800 | 84,931 | 7,577 | 355,490 |
| Deferred tax (charged)/credited to the statement of profit or loss during the year | (3,200) | 16,983 | 15,005 | 1,156 | 5,389 | (1,572) | 20,250 | 27,986 | 6,473 | 88,470 |
| Deferred tax credited to the other reserve | — | — | — | — | — | 6,192 | — | — | — | 6,192 |
| Exchange realignment | — | — | 288 | — | — | — | 767 | 250 | — | 1,305 |
| At 31 December 2025 | 2,476 | 52,079 | 181,587 | 11,840 | 23,230 | 15,211 | 37,817 | 113,167 | 14,050 | 451,457 |

***The Company***

| | Deferred income | Impairment and write-down | Provision and accured expenses | Accrued payroll | Share based payment expenses | Others | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023 | 12,086 | 55,010 | 66,359 | — | 16,322 | 1,047 | 150,824 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year | 3,401 | 55,659 | (2,426) | 23,043 | 5,384 | (405) | 84,656 |
| At 31 December 2023 | 15,487 | 110,669 | 63,933 | 23,043 | 21,706 | 642 | 235,480 |
| At 1 January 2024 | 15,487 | 110,669 | 63,933 | 23,043 | 21,706 | 642 | 235,480 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year | 12,478 | 51,279 | 20,590 | (10,368) | (11,115) | 6,868 | 69,732 |
| At 31 December 2024 | 27,965 | 161,948 | 84,523 | 12,675 | 10,591 | 7,510 | 305,212 |
| At 1 January 2025 | 27,965 | 161,948 | 84,523 | 12,675 | 10,591 | 7,510 | 305,212 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year | 5,164 | 12,069 | 27,111 | 18,233 | (1,572) | 6,680 | 67,685 |
| Deferred tax credited to the other reserve | — | — | — | — | 6,192 | — | 6,192 |
| At 31 December 2025 | 33,129 | 174,017 | 111,634 | 30,908 | 15,211 | 14,190 | 379,089 |

**Deferred tax liabilities**

***The Group***

| | Accelerated depreciation *RMB'000* | Right-of-use assets *RMB'000* | Fair value adjustments arising from acquisition of subsidiaries *RMB'000* | Fair value gains on financial assets at fair value through profit or loss *RMB'000* | Fair value gains on financial assets at fair value through other comprehensive income *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| At 1 January 2023 | 14,189 | — | 4,318 | 10,766 | 21,703 | 50,976 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (1,731) | 18,573 | (2,249) | 6,084 | — | 20,677 |
| At 31 December 2023 | 12,458 | 18,573 | 2,069 | 16,850 | 21,703 | 71,653 |
| At 1 January 2024 | 12,458 | 18,573 | 2,069 | 16,850 | 21,703 | 71,653 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (3,036) | (2,184) | (904) | (803) | — | (6,927) |
| Deferred tax credited to other comprehensive income during the year | — | — | — | — | (578) | (578) |
| At 31 December 2024 | 9,422 | 16,389 | 1,165 | 16,047 | 21,125 | 64,148 |
| At 1 January 2025 | 9,422 | 16,389 | 1,165 | 16,047 | 21,125 | 64,148 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (3,080) | 5,422 | (335) | (3,125) | — | (1,118) |
| Deferred tax Charged to other comprehensive income during the year | — | — | — | — | 1,902 | 1,902 |
| At 31 December 2025 | 6,342 | 21,811 | 830 | 12,922 | 23,027 | 64,932 |

***The Company***

| | Accelerated depreciation *RMB'000* | Right-of-use assets *RMB'000* | Fair value gains on financial assets at fair value through other comprehensive income *RMB'000* | Fair value gains on financial assets at fair value through profit or loss *RMB'000* | Others *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|
| At 1 January 2023 | 13,864 | — | 21,703 | 10,227 | 541 | 46,335 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (1,664) | 150 | — | 5,713 | 370 | 4,569 |
| At 31 December 2023 | 12,200 | 150 | 21,703 | 15,940 | 911 | 50,904 |
| At 1 January 2024 | 12,200 | 150 | 21,703 | 15,940 | 911 | 50,904 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (2,968) | (85) | — | (6,829) | 6,025 | (3,857) |
| Deferred tax credited to other comprehensive income during the year | — | — | (578) | — | — | (578) |
| At 31 December 2024 | 9,232 | 65 | 21,125 | 9,111 | 6,936 | 46,469 |
| At 1 January 2025 | 9,232 | 65 | 21,125 | 9,111 | 6,936 | 46,469 |
| Deferred tax (credited)/charged to the statement of profit or loss during the year | (3,010) | 237 | — | (936) | (2,190) | (5,899) |
| Deferred tax Charged to other comprehensive income during the year | — | — | 1,902 | — | — | 1,902 |
| At 31 December 2025 | 6,222 | 302 | 23,027 | 8,175 | 4,746 | 42,472 |

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net deferred tax assets recognised in the consolidated statement of financial position | 205,204 | 292,513 | 387,380 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | 960 | 1,171 | 855 |

***The Company***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net deferred tax assets recognised in the consolidated statement of financial position | 184,576 | 258,743 | 336,617 |

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Tax losses not recognised | 223,923 | 159,053 | 162,955 |
| Deductible temporary differences | 94,691 | 158,303 | 173,982 |
| Total | 318,614 | 317,356 | 336,937 |

As at 31 December 2023, 2024 and 2025, the Group has tax losses arising in Chinese mainland of approximately RMB88,269,000, RMB105,643,000 and RMB118,519,000 respectively, which would expire in one to five years for offsetting against future taxable profits.

As at 31 December 2023, 2024 and 2025, the Group has tax losses arising in the Mexico of approximately RMB3,129,000, nill and nill, respectively, would expire in one to ten years for offsetting against future taxable profits.

As at 31 December 2023, 2024 and 2025, the Group has tax losses arising in the Germany, Singapore of approximately RMB132,525,000, RMB53,410,000 and RMB44,436,000, respectively, which are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

**18. INVENTORIES**

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 1,211,113 | 1,103,894 | 1,712,481 |
| Work in progress | 113,757 | 170,528 | 261,576 |
| Finished goods | 604,610 | 1,002,247 | 1,607,398 |
| Goods in transit | 1,062,212 | 1,118,772 | 833,114 |
| Contract fulfilment costs | 268,251 | 301,025 | 374,735 |
| Total | 3,259,943 | 3,696,466 | 4,789,304 |

As of 31 December 2023, 2024 and 2025, the provision of inventories of the Group amounted to RMB246,471,000, RMB405,767,000 and RMB413,005,000, respectively.

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 1,065,986 | 931,649 | 1,477,956 |
| Work in progress | 113,120 | 155,365 | 217,028 |
| Finished goods | 585,879 | 974,365 | 1,590,955 |
| Goods in transit | 1,062,212 | 1,118,772 | 825,854 |
| Contract fulfilment costs | 259,569 | 299,857 | 374,090 |
| Total | 3,086,766 | 3,480,008 | 4,485,883 |

As of 31 December 2023, 2024 and 2025, the provision of inventories of the Company amounted to RMB245,332,000, RMB376,510,000 and RMB374,149,000, respectively.

## 19. TRADE AND BILLS RECEIVABLES

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 7,675,521 | 10,326,926 | 10,504,965 |
| Bills receivable* | 13,901 | 66,996 | 254,237 |
| | 7,689,422 | 10,393,922 | 10,759,202 |
| Less: Impairment | 507,453 | 723,209 | 739,193 |
| Net carrying amount | 7,181,969 | 9,670,713 | 10,020,009 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 7,344,587 | 9,853,116 | 9,742,378 |
| Due from subsidiaries | 462,055 | 438,947 | 940,012 |
| Bills receivable* | 13,424 | 66,996 | 254,237 |
| | 7,820,066 | 10,359,059 | 10,936,627 |
| Less: Impairment | 490,829 | 699,026 | 699,652 |
| Net carrying amount | 7,329,237 | 9,660,033 | 10,236,975 |

* The Group's bills receivable had maturities of within six months and were not past due.

The Group's trading terms with its customers are mainly on credit. The credit period is generally ranged from 45 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

As at 31 December 2023, the Group's bills receivable amounting to RMB5,140,000 were restricted for the issuance of bank acceptance bills.

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 21.5%, 23.0% and 23.1% of the Group's trade receivables were due from the Group's largest customer, respectively, and 58.8%, 66.8% and 62.9% of the Group's trade receivables were due from the Group's five largest customers, respectively.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods (based on the invoice date and net of loss allowance) is as follows:

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 7,180,657 | 9,668,731 | 10,002,037 |
| 1 year to 2 years | 1,040 | 1,763 | 17,671 |
| 2 to 3 years | 272 | 219 | 301 |
| Total | 7,181,969 | 9,670,713 | 10,020,009 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 7,295,238 | 9,659,905 | 10,208,286 |
| 1 year to 2 years | 33,727 | 20 | 28,689 |
| 2 to 3 years | 272 | 108 | — |
| Total | 7,329,237 | 9,660,033 | 10,236,975 |

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 277,793 | 507,453 | 723,209 |
| Impairment losses, net | 239,822 | 219,605 | 19,634 |
| Amount written off as uncollectible | (10,481) | (3,575) | (4,193) |
| Exchange realignment | 319 | (274) | 543 |
| At the end of the year | 507,453 | 723,209 | 739,193 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 267,634 | 490,829 | 699,026 |
| Impairment losses, net | 233,676 | 211,772 | 4,819 |
| Amount written off as uncollectible | (10,481) | (3,575) | (4,193) |
| At the end of the year | 490,829 | 699,026 | 699,652 |

The Group applies the general approach in calculating ECLs for bank acceptance bills receivable issued by reputable banks held by the Group with short-term maturities and assessed that the impairment losses for these bank acceptance bills were minimal during the Relevant Periods.

For commercial accepted bills receivable and trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. For the remaining commercial accepted bills receivable and trade receivables, the Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the invoice days of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables:

**The Group**

**As at 31 December 2023**

| | **Gross carrying amount** | **Expected credit loss rate** | **Expected credit losses** |
|---|---|---|---|
| | *RMB'000* | | *RMB'000* |
| Provision for impairment on individual basis | 169,588 | 77% | 130,446 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 7,516,678 | 5% | 375,163 |
| 1 year to 3 years | 1,844 | 29% | 532 |
| Over 3 years | 1,312 | 100% | 1,312 |
| Total | 7,689,422 | 7% | 507,453 |

**As at 31 December 2024**

| | **Gross carrying amount** | **Expected credit loss rate** | **Expected credit losses** |
|---|---|---|---|
| | *RMB'000* | | *RMB'000* |
| Provision for impairment on individual basis | 217,195 | 100% | 217,195 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 10,174,085 | 5% | 505,354 |
| 1 year to 3 years | 2,642 | 25% | 660 |
| Total | 10,393,922 | 7% | 723,209 |

**As at 31 December 2025**

| | **Gross carrying amount** | **Expected credit loss rate** | **Expected credit losses** |
|---|---|---|---|
| | *RMB'000* | | *RMB'000* |
| Provision for impairment on individual basis | 207,837 | 100% | 207,837 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 10,528,546 | 5% | 526,509 |
| 1 year to 3 years | 22,691 | 21% | 4,719 |
| Over 3 years | 128 | 100% | 128 |
| Total | 10,759,202 | 7% | 739,193 |

**The Company**

**As at 31 December 2023**

| | **Gross carrying amount** | **Expected credit loss rate** | **Expected credit losses** |
|---|---|---|---|
| | *RMB'000* | | *RMB'000* |
| Provision for impairment on individual basis | | | |
| Due from subsidiaries | 462,055 | — | — |
| Due from third parties | 169,588 | 77% | 130,446 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 7,185,621 | 5% | 358,610 |
| 1 year to 3 years | 1,490 | 31% | 461 |
| Over 3 years | 1,312 | 100% | 1,312 |
| Total | 7,820,066 | 6% | 490,829 |

**As at 31 December 2024**

| | Gross carrying amount *RMB'000* | Expected credit loss rate | Expected credit losses *RMB'000* |
|---|---|---|---|
| Provision for impairment on individual basis | | | |
| Due from subsidiaries | 438,947 | — | — |
| Due from third parties | 217,126 | 100% | 217,126 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 9,702,745 | 5% | 481,787 |
| 1 year to 3 years | 241 | 47% | 113 |
| Total | 10,359,059 | 7% | 699,026 |

**As at 31 December 2025**

| | Gross carrying amount *RMB'000* | Expected credit loss rate | Expected credit losses *RMB'000* |
|---|---|---|---|
| Provision for impairment on individual basis | | | |
| Due from subsidiaries | 940,012 | — | — |
| Due from third parties | 206,908 | 100% | 206,908 |
| Provision for impairment on a collective basis | | | |
| Within 1 year | 9,767,800 | 5% | 488,363 |
| 1 year to 3 years | 21,907 | 20% | 4,381 |
| Total | 10,936,627 | 6% | 699,652 |

**20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | 2023 *RMB'000* | 2024 *RMB'000* | 2025 *RMB'000* |
| Prepayments | 38,345 | 35,152 | 55,332 |
| Deposits | 16,941 | 16,168 | 15,037 |
| Other receivables | 16,273 | 105,117 | 185,741 |
| Value-added tax recoverable | 310,946 | 337,508 | 601,566 |
| Prepayments for long-term assets | 217,216 | 164,393 | 326,844 |
| | 599,721 | 658,338 | 1,184,520 |
| Impairment | (2,177) | (2,020) | (2,092) |
| Net carrying amount | 597,544 | 656,318 | 1,182,428 |
| Analysed into: | | | |
| Current portion | 378,400 | 491,925 | 855,584 |
| Non-current portion | 219,144 | 164,393 | 326,844 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Prepayments | 20,925 | 18,306 | 36,450 |
| Due from subsidiaries | 76,393 | 137,582 | 518,097 |
| Deposits | 11,385 | 8,571 | 6,126 |
| Other receivables | 8,738 | 104,613 | 179,787 |
| Value-added tax recoverable | 285,960 | 294,033 | 507,642 |
| Prepayments for long-term assets | 213,353 | 140,941 | 307,036 |
| | 616,754 | 704,046 | 1,555,138 |
| Impairment | (1,631) | (1,651) | (84,150) |
| Net carrying amount | 615,123 | 702,395 | 1,470,988 |
| Analysed into: | | | |
| Current portion | 381,614 | 548,403 | 1,096,774 |
| Non-current portion | 233,509 | 153,992 | 374,214 |

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for other receivables under IFRS 9. The expected losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

**21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current portion | | | |
| Equity investments, at fair value *(note b)* | 20,918 | 81,781 | 69,388 |
| Wealth management products, at fair value *(note a)* | 10,013 | — | 3,841,698 |
| | 30,931 | 81,781 | 3,911,086 |
| Non-current portion | | | |
| Equity investments, at fair value *(note b)* | 258,992 | 163,194 | 296,958 |
| Total | 289,923 | 244,975 | 4,208,044 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current portion | | | |
| Equity investments, at fair value *(note b)* | 20,918 | 81,781 | 69,388 |
| Wealth management products, at fair value *(note a)* | — | — | 3,730,000 |
| | 20,918 | 81,781 | 3,799,388 |
| Non-current portion | | | |
| Equity investments, at fair value *(note b)* | 258,992 | 163,194 | 156,958 |
| Total | 279,910 | 244,975 | 3,956,346 |

*Notes:*

(a) The wealth management products were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

(b) These equity investments were classified as financial assets at fair value through profit or loss.

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current portion | | | |
| Bills receivable, at fair value *(note a)* | 1,548,308 | 1,679,566 | 2,403,643 |
| Non-current portion | | | |
| Equity investments, at fair value *(note b)* | 266,587 | 262,737 | 275,419 |
| Total | 1,814,895 | 1,942,303 | 2,679,062 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current portion | | | |
| Bills receivable, at fair value *(note a)* | 1,547,331 | 1,614,222 | 2,319,809 |
| Non-current portion | | | |
| Equity investments, at fair value *(note b)* | 266,587 | 262,737 | 275,419 |
| Total | 1,813,918 | 1,876,959 | 2,595,228 |

*Notes:*

(a) The above bills receivable arising from bank acceptance are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. The fair value approximates to the carrying value due to the short maturity. Bills receivable at fair value through other comprehensive income is subject to impairment under the general approach and the impairment is considered to be minimal.

(b) The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

## 23. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and bank balances | 1,275,610 | 775,316 | 1,448,083 |
| Less: Restricted cash | 142,450 | 54,150 | 31,637 |
| Cash and cash equivalents | 1,133,160 | 721,166 | 1,416,446 |
| Denominated in RMB | 841,447 | 383,019 | 537,306 |
| Denominated in USD | 71,527 | 99,254 | 484,782 |
| Denominated in HKD | 133 | 51,971 | 67,691 |
| Denominated in EUR | 161,965 | 129,298 | 210,394 |
| Denominated in SGD | 40,275 | 44,978 | 39,021 |
| Denominated in others | 17,813 | 12,646 | 77,252 |
| Cash and cash equivalents | 1,133,160 | 721,166 | 1,416,446 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and bank balances | 875,461 | 458,131 | 547,062 |
| Less: Restricted cash | 141,469 | 53,314 | — |
| Cash and cash equivalents | 733,992 | 404,817 | 547,062 |
| Denominated in RMB | 671,352 | 245,886 | 237,285 |
| Denominated in USD | 25,441 | 65,853 | 173,316 |
| Denominated in HKD | 82 | 51,971 | 67,097 |
| Denominated in EUR | 34,195 | 38,622 | 68,602 |
| Denominated in JPY | 2,917 | 2,471 | 403 |
| Denominated in others | 5 | 14 | 359 |
| Cash and cash equivalents | 733,992 | 404,817 | 547,062 |

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

As at the end of each of the Relevant Periods, certain of the Group's cash and bank balances were restricted, primarily as follows:

(a) As at 31 December 2023 and 2024, cash and bank balances amounting to RMB141,469,000 and RMB2,250,000, respectively, were restricted for the issuance of bank acceptance bills.

(b) As at 31 December 2024, cash and bank balances amounting to RMB51,064,000 was restricted in connection with an incomplete outward direct investment ("ODI") procedure, which has been released during the year ended 31 December 2025.

(c) As at 31 December 2025, cash and bank balances amounting to RMB30,722,000 were restricted for use in designated project.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances, restricted cash are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

**24. TRADE AND BILLS PAYABLES**

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 4,112,903 | 5,241,052 | 5,633,548 |
| Bills payables | 2,695,246 | 2,779,030 | 3,568,816 |
| Total | 6,808,149 | 8,020,082 | 9,202,364 |

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods (based on the invoice date) was as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 6,762,413 | 7,972,134 | 9,158,559 |
| 1 to 2 years | 26,695 | 36,602 | 36,837 |
| Over 2 years | 19,041 | 11,346 | 6,968 |
| Total | 6,808,149 | 8,020,082 | 9,202,364 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 4,188,138 | 5,351,305 | 5,789,120 |
| Bills payables | 2,655,536 | 2,620,085 | 3,404,502 |
| Total | 6,843,674 | 7,971,390 | 9,193,622 |

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods (based on the invoice date) was as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 year | 6,797,745 | 7,926,476 | 9,150,665 |
| 1 to 2 years | 26,888 | 33,568 | 36,108 |
| Over 2 years | 19,041 | 11,346 | 6,849 |
| Total | 6,843,674 | 7,971,390 | 9,193,622 |

Trade and bills payables are non-interest-bearing and are normally settled on term of 30 to 90 days.

As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

**25. OTHER PAYABLES AND ACCRUALS**

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Restricted share repurchase obligations | 159,706 | 76,342 | 169,535 |
| Deposits received | 7,720 | 6,687 | 4,752 |
| Payroll payables | 676,128 | 782,642 | 934,241 |
| Accruals and other payables | 250,950 | 468,228 | 573,831 |
| Payables for purchase of property, plant and equipment | 105,175 | 142,174 | 303,915 |
| Other tax payables | 189,656 | 84,148 | 106,734 |
| Provision *(note (a))* | 161,514 | 140,735 | 177,210 |
| | 1,550,849 | 1,700,956 | 2,270,218 |
| Less: Non-current portion | 264,249 | 362,131 | 21,485 |
| | 1,286,600 | 1,338,825 | 2,248,733 |

Other payables are unsecured and repayable on demand.

**(a)** The movements in the provision are as follows:

| | **Product warranties** | **Onerous contract** | **Right-of-use assets reinstatement cost** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023 | 148,209 | — | 1,265 | 149,474 |
| Additional provision made | 131,721 | — | 50 | 131,771 |
| Amounts utilised during the year | (118,237) | — | — | (118,237) |
| Reversal of unutilised amounts | (1,494) | — | — | (1,494) |
| At 31 December 2023 | 160,199 | — | 1,315 | 161,514 |
| At 1 January 2024 | 160,199 | — | 1,315 | 161,514 |
| Additional provision made | 174,850 | 9,429 | (143) | 184,136 |
| Amounts utilised during the year | (204,915) | — | — | (204,915) |
| At 31 December 2024 | 130,134 | 9,429 | 1,172 | 140,735 |
| At 1 January 2025 | 130,134 | 9,429 | 1,172 | 140,735 |
| Additional provision made | 197,206 | 10,255 | 628 | 208,089 |
| Amounts utilised during the year | (171,614) | — | — | (171,614) |
| At 31 December 2025 | 155,726 | 19,684 | 1,800 | 177,210 |

**The Company**

| | **As at 31 December** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Restricted share repurchase obligations | 159,706 | 76,342 | 169,535 |
| Deposits payable | 6,511 | 3,219 | 4,625 |
| Payroll payables | 505,125 | 570,553 | 666,926 |
| Accruals and other payables | 229,079 | 441,346 | 549,059 |
| Payables for purchase of property, plant and equipment | 104,522 | 81,200 | 147,519 |
| Other tax payables | 174,165 | 70,480 | 73,967 |
| Provision *(note (a))* | 148,746 | 128,679 | 154,212 |
| | 1,327,854 | 1,371,819 | 1,765,843 |
| Less: Non-current portion | 251,376 | 342,857 | — |
| | 1,076,478 | 1,028,962 | 1,765,843 |

Other payables are unsecured and repayable on demand.

**(a)** The movements in the provision are as follows:

| | **Product warranties** |
|---|---|
| | *RMB'000* |
| At 1 January 2023 | 148,209 |
| Additional provision | 120,268 |
| Amounts utilised during the year | (118,237) |
| Reversal of unutilised amounts | (1,494) |
| At 31 December 2023 | 148,746 |
| At 1 January 2024 | 148,746 |
| Additional provision | 174,427 |
| Amounts utilised during the year | (194,494) |
| At 31 December 2024 | 128,679 |
| At 1 January 2025 | 128,679 |
| Additional provision | 193,925 |
| Amounts utilised during the year | (168,392) |
| At 31 December 2025 | 154,212 |

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

**The Group and the Company**

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Assets | Liabilities | Assets | Liabilities | Assets | Liabilities |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Derivative financial instruments without designated hedging relationships: | | | | | | |
| Forward currency contracts | — | 120 | 13,871 | — | — | 27,387 |

## 27. CONTRACT LIABILITIES

The Group recognised the following contract liabilities:

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Advances from customers | 344,953 | 501,508 | 1,005,272 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Advances from customers | 274,772 | 493,093 | 981,112 |

The Group might require an advanced payment as part of contractual arrangement for certain customers. A portion of payments is usually received in advance based on billing schedules as established in the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided. The increase in contract liabilities in 2024 and 2025 was mainly due to the increase in short-term advances received from customers in relation to the provision of products and services at the end of the year.

## 28. DEFERRED INCOME

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants and subsidies | 138,264 | 224,239 | 340,772 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants and subsidies | 103,249 | 186,433 | 220,868 |

## 29. INTEREST-BEARING BANK BORROWINGS

**The Group**

| **31 December 2023** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 2.50 | 2024 | 201,293 |
| Current portion of long-term bank loans — unsecured | 2.45–2.80 | 2024 | 43,926 |
| | | | 245,219 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 2.45–2.80 | 2025–2026 | 770,674 |
| Total | | | 1,015,893 |

| **31 December 2024** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 2.30–5.59 | 2025 | 279,157 |
| Current portion of long-term bank loans — unsecured | 2.55–2.80 | 2025 | 621,299 |
| | | | 900,456 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 2.23–2.80 | 2026 | 219,417 |
| Total | | | 1,119,873 |

| **31 December 2025** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 0.53–4.86 | 2026 | 686,546 |
| Current portion of long-term bank loans — unsecured | 1.88–2.01 | 2026 | 311,033 |
| | | | 997,579 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 1.95–3.06 | 2027–2036 | 255,008 |
| Total | | | 1,252,587 |

At 31 December 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

| | **As at 31 December** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Analysed into: | | | |
| Bank loans repayable: | | | |
| Within one year or on demand | 245,219 | 900,456 | 997,579 |
| One year to three years | 770,674 | 219,417 | 245,480 |
| Over three years | — | — | 9,528 |
| Total | 1,015,893 | 1,119,873 | 1,252,587 |

**The Company**

| **31 December 2023** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 2.50 | 2024 | 201,173 |
| Current portion of long-term bank loans — unsecured | 2.45–2.80 | 2024 | 43,925 |
| | | | 245,098 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 2.45–2.80 | 2025–2026 | 770,674 |
| Total | | | 1,015,772 |

| **31 December 2024** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 2.30–2.40 | 2025 | 250,182 |
| Current portion of long-term bank loans — unsecured | 2.55–2.80 | 2025 | 621,256 |
| | | | 871,438 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 2.55–2.80 | 2026 | 150,000 |
| Total | | | 1,021,438 |

| **31 December 2025** | **Effective interest rate (%)** | **Maturity** | **RMB'000** |
|---|---|---|---|
| **Current** | | | |
| Bank loans — unsecured | 0.53–2.11 | 2026 | 592,347 |
| Current portion of long-term bank loans — unsecured | 1.95–2.01 | 2026 | 87,229 |
| | | | 679,576 |
| **Non-current** | | | |
| Long-term bank loans — unsecured | 1.95 | 2027–2028 | 245,480 |
| Total | | | 925,056 |

At 31 December 2023, 2024 and 2025, the Company's borrowings were repayable as follows:

| | **As at 31 December** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Analysed into: | | | |
| Bank loans repayable: | | | |
| Within one year or on demand | 245,098 | 871,438 | 679,576 |
| One year to three years | 770,674 | 150,000 | 245,480 |
| Total | 1,015,772 | 1,021,438 | 925,056 |

## 30. SHARE CAPITAL AND TREASURY SHARES

**The Group and the Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Issued and fully paid: | | | |
| Ordinary shares of RMB1.00 each | 555,023 | 554,959 | 596,843 |

A summary of movements in the Group and the Company's share capital and treasury shares are as follows:

| | *Notes* | **Number of shares in issue** '000 | **Share capital** *RMB'000* | **Treasury share** *RMB'000* |
|---|---|---|---|---|
| At 1 January 2023 | | 555,274 | 555,274 | (250,995) |
| Forfeited and cancelled restricted shares | (a) | (251) | (251) | 12,037 |
| Vesting of restricted shares | (a) | — | — | 79,252 |
| At 31 December 2023 and 1 January 2024 | | 555,023 | 555,023 | (159,706) |
| Forfeited and cancelled restricted shares | (a) | (64) | (64) | 2,969 |
| Vesting of restricted shares | (a) | — | — | 80,395 |
| At 31 December 2024 and 1 January 2025 | | 554,959 | 554,959 | (76,342) |
| Issue of shares | (b) | 41,894 | 41,894 | — |
| Forfeited and cancelled restricted shares | (a) | (10) | (10) | 487 |
| Vesting of restricted shares | (a) | — | — | 74,315 |
| Repurchase of shares | (c) | — | — | (599,865) |
| Granted of treasury shares under share incentive scheme | (c) | — | — | 313,133 |
| Repurchase obligation arising from issuance of restricted share scheme | (c) | — | — | (167,995) |
| At 31 December 2025 | | 596,843 | 596,843 | (456,267) |

*Notes:*

(a) On 26 November 2021, the Company issued and granted 5,274,000 restricted shares under the 2021 Restricted Share Incentive Scheme (as defined in note 31), with a par value of RMB1.00 per share and a grant price of RMB48.03 per share.

For the years ended 31 December 2023, 2024 and 2025, 1,666,822, 1,639,823 and 1,609,316 restricted shares under the 2021 Restricted Share Incentive Scheme were vested, respectively. Accordingly, treasury shares amounting to RMB79,252,000, RMB80,395,000, and RMB74,315,000 and restricted shares repurchase obligations included in other payable and accruals amounting to RMB79,252,000, RMB80,395,000, and RMB74,315,000 were derecognised, respectively.

For the years ended 31 December 2023, 2024 and 2025, 250,600, 63,966 and 10,133 restricted shares under the 2021 Restricted Share Incentive Scheme were repurchased and cancelled due to forfeiture, respectively. Accordingly, treasury shares amounting to RMB12,037,000, RMB2,969,000, and RMB487,000 and restricted shares repurchase obligations included in other payable and accruals amounting to RMB12,037,000, RMB2,969,000, and RMB487,000 were derecognised, respectively. The cancellations have also resulted in the decrease in share capital of RMB251,000, RMB64,000 and RMB10,000; and capital reserve of RMB11,786,000, RMB3,008,000 and RMB477,000, during the year ended 31 December 2023, 2024 and 2025, respectively.

(b) In February 2025, pursuant to approval from the China Securities Regulatory Commission ("**CSRC**") under document No. 2025–315, the Company completed the issuance of 41,893,333 A shares to certain investors at a subscription price of RMB105 per share. The total gross proceeds amounted to RMB4,398,800,000, before deducting share issue expenses (excluding tax) of RMB5,665,000.

(c) For the year ended 31 December, 2025, the Company repurchased 5,980,773 of its A Shares on the Shenzhen Stock Exchange at a total cash consideration of RMB599,865,000, which were held for the 2025 Stock Ownership Plan (as defined in note 31).

**31. SHARE-BASED PAYMENTS**

**Restricted share incentive scheme**

Pursuant to the restricted shares incentive scheme for 2021 approved at the third extraordinary annual shareholders' meeting in November 2021 (the "**2021 Restricted Share Incentive Scheme**"), the Company granted 5,274,000 restricted shares to 848 employees. The grant date was 26 November 2021, and the granted price was RMB48.03 per share. The vesting periods for the 2021 Restricted Share Incentive Scheme are 2 years, 3 years and 4 years from the grant date. The restricted shares will be vested by three instalments subject to the Company's annual performance evaluation and individual performance evaluation.

Pursuant to the restricted shares incentive scheme for 2025 approved at the second extraordinary annual shareholders' meeting in June 2025 (the "**2025 Stock Ownership Plan**"), the Company granted 3,122,000 restricted shares to 67 employees. The grant date was 13 June 2025, and the granted price was RMB53.81 per share. The vesting periods for the 2025 Stock Ownership Plan are 1 years, 2 years and 3 years from the grant date. The restricted shares will be vested by three instalments subject to the Company's annual performance evaluation and individual performance evaluation.

Movements in the number of restricted shares for the Relevant Periods are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *'000* | *'000* | *'000* |
| At beginning of the year | 5,183 | 3,377 | 1,653 |
| Granted | — | — | 3,122 |
| Vested | (1,667) | (1,640) | (1,609) |
| Forfeited | (139) | (84) | (91) |
| At end of the year | 3,377 | 1,653 | 3,075 |

The Group determines the fair value of restricted shares on the grant date based on the closing price of the underlying circulating shares on that date less the exercise price.

**Stock option incentive plan**

In June 2025, the Company implemented a stock option incentive plan (the "**2025 Stock Option Incentive Plan**"), under which a total of 2,858,000 stock options were granted to 298 employees at an exercise price of RMB86.09 per share. In accordance with the Company's performance evaluation and individual performance evaluation, 50% and 50% of the options will vest on 12 months and 31 months after the grant date, respectively.

Movement in the number of share option for the Relevant Periods is as follows:

| | Year ended 31 December 2025 | |
|---|---|---|
| | **Weighted average exercise price** | **Number of options** |
| | *RMB* | *'000* |
| At beginning of the year | — | — |
| Granted | 86.09 | 2,858 |
| At end of the year | 86.09 | 2,858 |

No share option was exercised during the year ended 31 December 2025.

The exercise price and exercise period of the share options outstanding as at 31 December 2025 is as follows:

| **Number of options** | **Exercise price** | **Exercise period** |
|---|---|---|
| *'000* | *RMB* | |
| 1,429 | 86.09 | 2026–2027 |
| 1,429 | 86.09 | 2028–2029 |
| 2,858 | | |

The fair value of equity-settled share options granted during the year ended 31 December 2025, was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| | **Year ended 31 December 2025** |
|---|---|
| Dividend yield (%) | 1.20% |
| Expected volatility (%) | 21.89%; 17.55% |
| Historical volatility (%) | 21.89%; 17.55% |
| Risk-free interest rate (%) | 1.41%; 1.44% |
| Share price at grant date per share (RMB per share) | 100.12 |

No other feature of the options granted was incorporated into the measurement of fair value.

Share-based payment expenses during the Relevant Periods are as follows:

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Restricted shares granted by the Company under the plans | 130,531 | 66,993 | 74,630 |
| Share options granted under the plan | — | — | 19,997 |
| Total | 130,531 | 66,993 | 94,627 |

## 32. RESERVES

**The Group**

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

***(a) Capital reserve***

The capital reserve of the Group includes the share premium contributed by the owners of the parent and the effect of implementation and unlocking of restricted shares.

***(b) Share-based payments reserve***

Details of share-based payments reserve are set out in note 31 to the Historical Financial Information.

***(c) Statutory surplus reserve***

In accordance with the PRC Company Law and the articles of association of the Company and the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Company, the statutory reserve may be used either to offset losses, or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

***(d) Foreign currency translation reserve***

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies whose functional currencies are not RMB. The reserve is accounted for in accordance with the accounting policy set out in note 2.3 to the Historical Financial Information.

***(e) Fair value reserve of financial assets at fair value through other comprehensive income***

The fair value reserve of financial assets at fair value through other comprehensive income represents unrealized fair value gains or losses for equity investments designated at fair value through other comprehensive income.

***(f) Special reserve — safety fund***

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

**The Company**

| | Capital reserve | Share-based payment reserve | Special reserve — safety fund | Fair value reserve of financial assets at fair value through other comprehensive income | Statutory surplus reserve | Other reserve | Retained profits | Total |
|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2023 | 2,300,892 | 175,171 | 101 | 122,983 | 277,637 | (59) | 3,365,316 | 6,242,041 |
| Profit for the year | — | — | — | — | — | — | 1,550,726 | 1,550,726 |
| Share of other comprehensive income of associates | — | — | — | — | — | (13) | — | (13) |
| Dividend *(note 11)* | — | — | — | — | — | — | (305,208) | (305,208) |
| Forfeited and cancelled restricted shares | (11,786) | — | — | — | — | — | — | (11,786) |
| Share-based payments | — | 130,531 | — | — | — | — | — | 130,531 |
| Vesting of awarded shares | 135,213 | (135,213) | — | — | — | — | — | — |
| Safety production fund provided | — | — | 12,489 | — | — | — | — | 12,489 |
| Safety production fund utilised | — | — | (12,229) | — | — | — | — | (12,229) |
| Distribution from a subsidiary | 6,000 | — | — | — | — | — | — | 6,000 |
| Share of other reserve of associates | — | — | — | — | — | 19,418 | — | 19,418 |
| At 31 December 2023 | 2,430,319 | 170,489 | 361 | 122,983 | 277,637 | 19,346 | 4,610,834 | 7,631,969 |

| | Capital reserve | Share-based payment reserve | Special reserve — safety fund | Fair value reserve of financial assets at fair value through other comprehensive income | Statutory surplus reserve | Other reserve | Retained profits | Total |
|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 1 January 2024 | 2,430,319 | 170,489 | 361 | 122,983 | 277,637 | 19,346 | 4,610,834 | 7,631,969 |
| Profit for the year | — | — | — | — | — | — | 2,016,874 | 2,016,874 |
| Change in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | (3,273) | — | — | — | (3,273) |
| Share of other comprehensive income of associates | — | — | — | — | — | 33 | — | 33 |
| Dividend *(note 11)* | — | — | — | — | — | — | (466,205) | (466,205) |
| Forfeited and cancelled restricted shares | (3,008) | — | — | — | — | — | 103 | (2,905) |
| Share-based payments | — | 66,993 | — | — | — | — | — | 66,993 |
| Vesting of awarded shares | 133,022 | (133,022) | — | — | — | — | — | — |
| Safety production fund provided | — | — | 15,730 | — | — | — | — | 15,730 |
| Safety production fund utilised | — | — | (10,878) | — | — | — | — | (10,878) |
| Share of other reserve of associates | — | — | — | — | — | 5,419 | (81) | 5,338 |
| At 31 December 2024 | 2,560,333 | 104,460 | 5,213 | 119,710 | 277,637 | 24,798 | 6,161,525 | 9,253,676 |

| | Capital reserve *RMB'000* | Share-based payment reserve *RMB'000* | Special reserve — safety fund *RMB'000* | Fair value reserve of financial assets at fair value through other comprehensive income *RMB'000* | Statutory surplus reserve *RMB'000* | Other reserve *RMB'000* | Retained profits *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|---|---|
| 1 January 2025 | 2,560,333 | 104,460 | 5,213 | 119,710 | 277,637 | 24,798 | 6,161,525 | 9,253,676 |
| Profit for the year | — | — | — | — | — | — | 2,333,071 | 2,333,071 |
| Change in fair value of equity investments at fair value through other comprehensive income, net of tax | — | — | — | 10,780 | — | — | — | 10,780 |
| Share of other comprehensive income of associates | — | — | — | — | — | 39 | — | 39 |
| Dividend *(note 11)* | — | — | — | — | — | — | (665,939) | (665,939) |
| Issue of shares | 4,356,906 | — | — | — | — | — | — | 4,356,906 |
| Share issue expenses | (5,665) | — | — | — | — | — | — | (5,665) |
| Forfeited and cancelled restricted shares | (477) | — | — | — | — | — | — | (477) |
| Repurchase of shares | — | — | — | — | — | — | — | — |
| Share-based payments | — | 94,627 | — | — | — | — | — | 94,627 |
| Deferred tax on share-based payment | — | 6,192 | — | — | — | — | — | 6,192 |
| Vesting of awarded shares | 130,548 | (130,548) | — | — | — | — | — | — |
| Granted of treasury shares under share incentive scheme | (145,139) | — | — | — | — | — | — | (145,139) |
| Safety production fund provided | — | — | 18,483 | — | — | — | — | 18,483 |
| Safety production fund utilised | — | — | (16,562) | — | — | — | — | (16,562) |
| Share of other reserve of associates | — | — | — | — | — | (1,024) | (153) | (1,177) |
| Transferred from retained profits | — | — | — | — | 20,784 | — | (20,784) | — |
| At 31 December 2025 | 6,896,506 | 74,731 | 7,134 | 130,490 | 298,421 | 23,813 | 7,807,720 | 15,238,815 |

## 33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,355,000, RMB22,326,000, and RMB53,098,000, respectively, in respect of lease arrangements for offices and premises.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reductions of trade payables settled by endorsement of bills receivable of RMB188,494,000, RMB1,300,827,000 and RMB170,404,000, respectively.

### (b) Changes in liabilities arising from financing activities

| | Interest-bearing bank borrowings *RMB'000* | Lease liabilities *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| At 1 January 2023 | 965,570 | 75,393 | 1,040,963 |
| Changes from financing cash flows | 17,700 | (23,008) | (5,308) |
| New leases | — | 22,355 | 22,355 |
| Revision of lease terms | — | (475) | (475) |
| Interest expense *(note 7)* | 32,731 | 2,884 | 35,615 |
| Exchange realignment | (108) | 264 | 156 |
| At 31 December 2023 | 1,015,893 | 77,413 | 1,093,306 |
| At 1 January 2024 | 1,015,893 | 77,413 | 1,093,306 |
| Changes from financing cash flows | 71,233 | (24,304) | 46,929 |
| New leases | — | 22,326 | 22,326 |
| Revision of lease terms | — | (849) | (849) |
| Interest expense *(note 7)* | 30,739 | 2,789 | 33,528 |
| Exchange realignment | 2,008 | (2,302) | (294) |
| At 31 December 2024 | 1,119,873 | 75,073 | 1,194,946 |

| | Interest-bearing bank borrowings | Lease liabilities | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January 2025 | 1,119,873 | 75,073 | 1,194,946 |
| Changes from financing cash flows | 105,812 | (30,148) | 75,664 |
| New leases | — | 53,098 | 53,098 |
| Revision of lease terms | — | (2,814) | (2,814) |
| Interest expense *(note 7)* | 28,756 | 3,370 | 32,126 |
| Exchange realignment | (1,854) | 4,069 | 2,215 |
| At 31 December 2025 | 1,252,587 | 102,648 | 1,355,235 |

**(c) Total cash outflow for leases**

| | Year ended 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within operating activities | 5,358 | 14,969 | 11,695 |
| Within investing activities | — | 97,899 | 263 |
| Within financing activities | 23,008 | 24,304 | 30,148 |
| Total | 28,366 | 137,172 | 42,106 |

## 34. PLEDGE OF ASSETS

Details of the Group's pledged assets at the end of each of the Relevant Periods are included in notes 19 and 23 to the Historical Financial Information.

## 35. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Purchase of items of property, plant and equipment | 148,456 | 207,156 | 173,315 |
| Capital contributions | 50,000 | 76,167 | 66,167 |
| Total | 198,456 | 283,323 | 239,482 |

## 36. RELATED PARTY TRANSACTIONS

**(a) Names and relationships**

| Name of related parties | Relationship with the Group |
|---|---|
| Nullmax Technology (Shanghai) Co., Ltd.* (紐勱科技(上海)有限公司) | An associate of the Company |
| FulScience Automotive Electronics Co., Ltd.* (富賽汽車電子有限公司) | An associate of the Company |
| Audiowell Electronics (Guangdong) Co., Ltd.* (廣東奧迪威傳感科技股份有限公司) | An associate of the Company |
| Guangdong Hongjing Optoelectronic Technology Inc.* (廣東弘景光電科技股份有限公司) | An associate of the Company |
| Zhejiang Chiyun Technology Co., Ltd.* (浙江熾雲科技有限公司) | An associate of the Company |
| Anhui Fulstar Technology Co., Ltd.* (安徽孚世達科技有限公司) | An associate of the Company |
| Guangdong Yuecai SV Venture Capital Partnership* (廣東粵財西威汽車創業投資合夥企業(有限合夥)) | An associate of the Group |
| Huizhou Desay Construction Consulting Service Co., Ltd.* (惠州市德賽建設諮詢服務有限公司) | An entity in which the Company's supervisors serving as directors |
| Huizhou Desay Automation Technology Co., Ltd.* (惠州市德賽自動化技術有限公司) | An entity in which the Company's supervisors serving as directors |
| Huizhou Desay Battery Co., Ltd.* (惠州市德賽電池有限公司) | An entity in which the Company's directors and supervisors serving as directors |
| Huizhou Desay Precision Parts Co., Ltd.* (惠州市德賽精密部件有限公司) | An entity in which the Company's directors and supervisors serving as directors |
| Huizhou Desay Intelligent Storage Technology Co., Ltd.* (惠州市德賽智儲科技有限公司) | An entity in which the Company's directors and supervisors serving as directors |

| Name of related parties | Relationship with the Group |
|---|---|
| Guangdong Desay Silicon Praseodymium Technology Co., Ltd.* (廣東德賽矽鐠技術有限公司) | An entity in which the Company's directors and supervisors serving as directors |
| Huizhou Blueway Electronics Co., Ltd.* (惠州市藍微電子有限公司) | An entity in which the Company's directors and supervisors serving as directors |
| Huizhou Blueway New Energy Technology Co., Ltd.* (惠州市藍微新源技術有限公司) | An entity under control of a shareholder who has significant influence over the Company |
| Shenzhen Hengxunchi Technology Co., Ltd.* (深圳市恒訊馳技術有限公司) | An entity under control of a shareholder who has significant influence over the Company |

* The English names of above companies registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these companies as they do not have official English names.

**(b)** The Group had the following transactions with related parties during the Relevant Periods:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Purchases of goods and services *(note i)* | | | |
| FulScience Automotive Electronics Co., Ltd | 20,152 | 23,071 | 39,026 |
| Audiowell Electronics (Guangdong) Co., Ltd. | 14,390 | 16,184 | 40,413 |
| Guangdong Hongjing Optoelectronic Technology Inc. | 18,242 | 35,385 | 102,118 |
| Zhejiang Chiyun Technology Co., Ltd. | 1,894 | 5,216 | 7,618 |
| Nullmax Technology (Shanghai) Co., Ltd. | 20,000 | 5,000 | — |
| Huizhou Desay Construction Consulting Service Co., Ltd. | 717 | 425 | — |
| Huizhou Desay Automation Technology Co., Ltd. | 3,429 | 274 | 1,146 |
| Huizhou Desay Precision Parts Co., Ltd. | 57,176 | 66,878 | 61,894 |
| Huizhou Desay Intelligent Storage Technology Co., Ltd. | — | — | 1,041 |
| Guangdong Desay Silicon Praseodymium Technology Co., Ltd. | — | 237 | 1,929 |
| Shenzhen Hengxunchi Technology Co., Ltd. | 1,339 | 350 | 370 |
| Huizhou Desay Battery Co., Ltd. | 4,216 | 4,012 | 15,388 |
| Total | 141,555 | 157,032 | 270,943 |
| Sales of goods and services *(note ii)* | | | |
| FulScience Automotive Electronics Co., Ltd | 1,880,105 | 1,940,398 | 1,995,627 |
| Anhui Fulstar Technology Co., Ltd. | — | — | 19,281 |
| Guangdong Yuecai SV Venture Capital Partnership | — | 1,209 | 1,233 |
| Huizhou Blueway New Energy Technology Co., Ltd. | 2,787 | — | 429 |
| Huizhou Desay Battery Co., Ltd. | 206 | 244 | 562 |
| Huizhou Blueway Electronics Co., Ltd. | — | 2 | — |
| Total | 1,883,098 | 1,941,853 | 2,017,132 |
| Purchase of items of equipment *(note i)* | | | |
| FulScience Automotive Electronics Co., Ltd | 45,909 | — | — |
| Huizhou Desay Automation Technology Co., Ltd. | 1,474 | — | — |
| Huizhou Desay Intelligent Storage Technology Co., Ltd. | — | 1,017 | 4,530 |
| Huizhou Desay Precision Parts Co., Ltd. | 122 | — | 24 |
| Total | 47,505 | 1,017 | 4,554 |
| Leasing with related parties as lessee *(note iii)* | | | |
| FuiScience Automotive Electronics Co., Ltd | | | |
| Rental payment | 1,823 | 1,823 | 3,823 |
| Addition of right-of-use assets | — | — | 17,546 |
| Interest on lease liabilities | 335 | 187 | 515 |
| Huizhou Desay Battery Co., Ltd. | | | |
| Rental payment | 51 | 135 | 223 |
| Addition of right-of-use assets | 578 | — | — |
| Interest on lease liabilities | 8 | 18 | 9 |

(i) The purchases from the related parties were made at prices and on conditions similar to those offered by the related parties to their major customers. The credit terms granted by the related parties were generally comparable to those provided to their major customers.

(ii) The sales to the related parties were made according to the prices and conditions similar to those offered by the Group to major customers. The credit term offered to the related parties was generally comparable to those offered by the Group to major customers.

(iii) The rental payments with the related parties were made according to the agreed terms and conditions.

**(c)** Outstanding balances with related parties:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables: | | | |
| Audiowell Electronics (Guangdong) Co., Ltd. | 5,710 | 8,498 | 18,354 |
| Guangdong Hongjing Optoelectronic Technology Inc. | 18,871 | 32,571 | 80,733 |
| Zhejiang Chiyun Technology Co., Ltd. | — | — | 669 |
| Nullmax Technology (Shanghai) Co., Ltd. | 20,000 | — | — |
| Huizhou Desay Automation Technology Co., Ltd. | 1,781 | 12 | 109 |
| Huizhou Desay Precision Parts Co., Ltd. | 34,928 | 39,458 | 28,309 |
| Huizhou Desay Intelligent Storage Technology Co., Ltd. | — | 56 | 861 |
| Shenzhen Hengxunchi Technology Co., Ltd. | 352 | — | — |
| Huizhou Desay Battery Co., Ltd. | 1,678 | 459 | 7,483 |
| Total | 83,320 | 81,054 | 136,518 |
| Other payables and accruals: | | | |
| FulScience Automotive Electronics Co., Ltd | 4,479 | 6,367 | 20,493 |
| Guangdong Desay Silicon Praseodymium Technology Co., Ltd. | — | 41 | — |
| Total | 4,479 | 6,408 | 20,493 |
| Contract liabilities: | | | |
| FulScience Automotive Electronics Co., Ltd | — | 20,194 | 13,558 |
| Huizhou Blueway Electronics Co., Ltd. | — | — | 100 |
| Anhui Fulstar Technology Co., Ltd. | — | — | 3,120 |
| Total | — | 20,194 | 16,778 |
| Trade and bills receivables: | | | |
| FulScience Automotive Electronics Co., Ltd | 632,508 | 423,093 | 474,637 |
| Huizhou Blueway New Energy Technology Co., Ltd. | 162 | — | — |
| Anhui Fulstar Technology Co., Ltd. | — | — | 16,347 |
| Total | 632,670 | 423,093 | 490,984 |
| Prepayments, deposits and other receivables: | | | |
| FulScience Automotive Electronics Co., Ltd. | 5,395 | — | — |
| Huizhou Desay Precision Parts Co., Ltd. | — | — | 806 |
| Huizhou Desay Automation Technology Co., Ltd. | — | 367 | — |
| Zhejiang Chiyun Technology Co., Ltd. | — | 9,434 | 7,134 |
| Total | 5,395 | 9,801 | 7,940 |
| Debt investments at FVOCI — bank acceptance bills issued by: | | | |
| FulScience Automotive Electronics Co., Ltd | 41,773 | 57,576 | 250,502 |
| Huizhou Blueway New Energy Technology Co., Ltd. | 1,108 | — | — |
| Total | 42,881 | 57,576 | 250,502 |

As at 31 December 2023, 2024 and 2025, all outstanding balances with related parties were of a trade nature.

**(d)** Compensation of key management personnel of the Group:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Short term employee benefits | 30,795 | 28,957 | 25,579 |
| Share-based payment expenses | 1,352 | 714 | 14,160 |
| Total | 32,147 | 29,671 | 39,739 |

Further details of directors' and supervisors' emoluments are included in note 8 to the Historical Financial Information.

## 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods were as follows:

**As at 31 December 2023**

***Financial assets***

| | **Financial assets at fair value through profit or loss** | **Financial assets at fair value through other comprehensive income** | **Financial assets at amortised cost** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | — | — | 1,133,160 | 1,133,160 |
| Restricted cash | — | — | 142,450 | 142,450 |
| Financial assets at fair value through profit or loss | 289,923 | — | — | 289,923 |
| Trade and bills receivables | — | — | 7,181,969 | 7,181,969 |
| Financial assets included in prepayments, deposits and other receivables | — | — | 31,037 | 31,037 |
| Debt investments at fair value through other comprehensive income | — | 1,548,308 | — | 1,548,308 |
| Equity investments designated at fair value through other comprehensive income | — | 266,587 | — | 266,587 |
| Total | 289,923 | 1,814,895 | 8,488,616 | 10,593,434 |

***Financial liabilities***

| | **Financial liabilities at fair value through profit or loss** | **Financial liabilities at amortised cost** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | — | 6,808,149 | 6,808,149 |
| Derivative financial instruments | 120 | — | 120 |
| Financial liabilities included in other payables and accruals | — | 420,816 | 420,816 |
| Interest-bearing bank borrowings | — | 1,015,893 | 1,015,893 |
| Total | 120 | 8,244,858 | 8,244,978 |

**As at 31 December 2024**

***Financial assets***

| | Financial assets at fair value through profit or loss *RMB'000* | Financial assets at fair value through other comprehensive income *RMB'000* | Financial assets at amortised cost *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| Cash and cash equivalents | — | — | 721,166 | 721,166 |
| Restricted cash | — | — | 54,150 | 54,150 |
| Financial assets at fair value through profit or loss | 244,975 | — | — | 244,975 |
| Trade and bills receivables | — | — | 9,670,713 | 9,670,713 |
| Financial assets included in prepayments, deposits and other receivables | — | — | 119,265 | 119,265 |
| Debt investments at fair value through other comprehensive income | — | 1,679,566 | — | 1,679,566 |
| Equity investments designated at fair value through other comprehensive income | — | 262,737 | — | 262,737 |
| Derivative financial instruments | 13,871 | — | — | 13,871 |
| Total | 258,846 | 1,942,303 | 10,565,294 | 12,766,443 |

***Financial liabilities***

| | Financial liabilities at fair value through profit or loss *RMB'000* | Financial liabilities at amortised cost *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| Trade and bills payables | — | 8,020,082 | 8,020,082 |
| Financial liabilities included in other payables and accruals | — | 472,035 | 472,035 |
| Interest-bearing bank borrowings | — | 1,119,873 | 1,119,873 |
| Total | — | 9,611,990 | 9,611,990 |

**As at 31 December 2025**

***Financial assets***

| | Financial assets at fair value through profit or loss *RMB'000* | Financial assets at fair value through other comprehensive income *RMB'000* | Financial assets at amortised cost *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| Cash and cash equivalents | — | — | 1,416,446 | 1,416,446 |
| Restricted cash | — | — | 31,637 | 31,637 |
| Financial assets at fair value through profit or loss | 4,208,044 | — | — | 4,208,044 |
| Trade and bills receivables | — | — | 10,020,009 | 10,020,009 |
| Financial assets included in prepayments, deposits and other receivables | — | — | 198,686 | 198,686 |
| Debt investments at fair value through other comprehensive income | — | 2,403,643 | — | 2,403,643 |
| Equity investments designated at fair value through other comprehensive income | — | 275,419 | — | 275,419 |
| Total | 4,208,044 | 2,679,062 | 11,666,778 | 18,553,884 |

***Financial liabilities***

| | **Financial liabilities at fair value through profit or loss** | **Financial liabilities at amortised cost** | **Total** |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | — | 9,202,364 | 9,202,364 |
| Derivative financial instruments | 27,387 | — | 27,387 |
| Financial liabilities included in other payables and accruals | — | 824,172 | 824,172 |
| Interest-bearing bank borrowings | — | 1,252,587 | 1,252,587 |
| Total | 27,387 | 11,279,123 | 11,306,510 |

**Transfers of financial assets**

***Transferred financial assets that are derecognised in their entirety***

At 31 December 2023, 2024 and 2025, the Group endorsed certain bank acceptance bills receivable issued by banks in Chinese mainland to certain suppliers as settlement of trade payables. Additionally, the Group discounted certain bank acceptance bills receivables issued by banks in Chinese mainland. These endorsed and discounted bank acceptance bills are collectively referred as "Derecognised Bills". The aggregate carrying amounts of the Derecognised Bills were RMB1,897,443,000, RMB2,633,569,000 and RMB4,817,720,000, respectively, for the year ended 31 December 2023, 2024 and 2025. The maturity of Derecognised Bills ranged from one to six months at the end of each of the Relevant Periods.

Under the Law of Negotiable Instruments of the PRC, holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**").

In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepting banks. The Group has transferred substantially all risks and rewards associated with the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the related trade payables.

The Group's maximum exposure to loss arising from its 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 insignificant.

During the years ended 31 December 2023, 2024 and 2025, the Group has recognised a loss on the date of transfer of the Derecognised Bills of approximately RMB24,419,000, RMB29,641,000 and RMB45,117,000, respectively. No gains or losses were recognised from the Continuing Involvement during the Relevant Periods.

**38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, financial assets included in prepayments, deposits and other receivables and other assets, interest-bearing bank borrowings (current portion), trade and bills payables, and financial liabilities included in other payables and accruals (current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance team headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance director. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(a) The fair values of the non-current portion of interest-bearing bank borrowings and other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings and other payables and accruals as at the end of each of the Relevant Periods were assessed to be insignificant.

(b) The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted equity investments at fair value through profit or loss have been estimated using appropriate valuation techniques, primarily based on recent transaction prices (Level 2), and asset-based valuation methods (Level 3) based on assumptions that are not supported by observable market prices or rates or recently market price.

(c) The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks (Level 2).

(d) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, primarily including forward currency contracts, are measured using valuation techniques similar to forward pricing using present value calculations (Level 2). The models incorporate various market observable inputs including the foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

For the fair value of the unlisted equity investments at fair value through other comprehensive income and unlisted equity investments which at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis of the Relevant Periods.

| As at 31 December 2023 | Valuation technique | Significant unobservable input | Range or weighted average | Sensitivity of fair value to the input |
|---|---|---|---|---|
| Equity investments at fair value through other comprehensive income | Asset-based valuation | Net assets | RMB104,911,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB1,049,000 |
| Financial assets at fair value through profit or loss | Asset-based valuation | Net assets | RMB21,370,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB214,000 |

| As at 31 December 2024 | Valuation technique | Significant unobservable input | Range or weighted average | Sensitivity of fair value to the input |
|---|---|---|---|---|
| Equity investments at fair value through other comprehensive income | Asset-based valuation | Net assets | RMB95,951,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB960,000 |
| Financial assets at fair value through profit or loss | Asset-based valuation | Net assets | RMB22,989,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB230,000 |

| As at 31 December 2025 | Valuation technique | Significant unobservable input | Range or weighted average | Sensitivity of fair value to the input |
|---|---|---|---|---|
| Equity investments at fair value through other comprehensive income | Asset-based valuation | Net assets | RMB92,507,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB925,000 |
| Financial assets at fair value through profit or loss | Asset-based valuation | Net assets | RMB22,415,000 | 1% increase/decrease in multiple would result in increase/decrease in fair value by RMB224,000 |

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

**Assets measured at fair value**

**As at 31 December 2023**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Equity investments designated at fair value through other comprehensive income | — | 161,676 | 104,911 | 266,587 |
| Financial assets at fair value through profit or loss | 20,918 | 247,635 | 21,370 | 289,923 |
| Debt investments at fair value through other comprehensive income | — | 1,548,308 | — | 1,548,308 |
| Total | 20,918 | 1,957,619 | 126,281 | 2,104,818 |

**As at 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Equity investments designated at fair value through other comprehensive income | — | 166,786 | 95,951 | 262,737 |
| Financial assets at fair value through profit or loss | 27,058 | 194,928 | 22,989 | 244,975 |
| Debt investments at fair value through other comprehensive income | — | 1,679,566 | — | 1,679,566 |
| Derivative financial instruments | — | 13,871 | — | 13,871 |
| Total | 27,058 | 2,055,151 | 118,940 | 2,201,149 |

**As at 31 December 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Equity investments designated at fair value through other comprehensive income | — | 182,912 | 92,507 | 275,419 |
| Financial assets at fair value through profit or loss | 6,954 | 4,178,675 | 22,415 | 4,208,044 |
| Debt investments at fair value through other comprehensive income | — | 2,403,643 | — | 2,403,643 |
| Total | 6,954 | 6,765,230 | 114,922 | 6,887,106 |

**Liabilities measured at fair value**

**As at 31 December 2023**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Derivative financial instruments | — | 120 | — | 120 |

**As at 31 December 2025**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Derivative financial instruments | — | 27,387 | — | 27,387 |

The Group did not have any financial liabilities measured at fair value as at 31 December 2024.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise interest-bearing bank borrowings, finance assets at fair value through profit or loss, debt investments at fair value through other comprehensive income and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

**Interest rate risk**

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's interest-bearing bank borrowings. As the majority of the Group's borrowings are denominated at fixed rates, the Group is not significantly exposed to changes in interest rates. Consequently, the directors have assessed that the interest rate risk is immaterial.

**Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax.

| | Increase/ (decrease) in foreign currency rate | (Decrease)/ increase in profit before tax |
|---|---|---|
| | *%* | *RMB'000* |
| **31 December 2023** | | |
| If the RMB weakens against the USD | 10 | (102,572) |
| If the RMB strengthens against the USD | (10) | 102,572 |
| If the RMB weakens against the EUR | 10 | 7,695 |
| If the RMB strengthens against the EUR | (10) | (7,695) |
| If the RMB weakens against the HKD | 10 | (1,384) |
| If the RMB strengthens against the HKD | (10) | 1,384 |
| If the RMB weakens against the JPY | 10 | (8,684) |
| If the RMB strengthens against the JPY | (10) | 8,684 |
| If the RMB weakens against the SGD | 10 | 12,793 |
| If the RMB strengthens against the SGD | (10) | (12,793) |
| **31 December 2024** | | |
| If the RMB weakens against the USD | 10 | (171,936) |
| If the RMB strengthens against the USD | (10) | 171,936 |
| If the RMB weakens against the EUR | 10 | 7,248 |
| If the RMB strengthens against the EUR | (10) | (7,248) |

| | Increase/ (decrease) in foreign currency rate | (Decrease)/ increase in profit before tax |
|---|---|---|
| | % | RMB'000 |
| If the RMB weakens against the HKD | 10 | 4,003 |
| If the RMB strengthens against the HKD | (10) | (4,003) |
| If the RMB weakens against the JPY | 10 | (8,495) |
| If the RMB strengthens against the JPY | (10) | 8,495 |
| If the RMB weakens against the SGD | 10 | 2,500 |
| If the RMB strengthens against the SGD | (10) | (2,500) |
| **31 December 2025** | | |
| If the RMB weakens against the USD | 10 | (62,438) |
| If the RMB strengthens against the USD | (10) | 62,438 |
| If the RMB weakens against the EUR | 10 | 1,180 |
| If the RMB strengthens against the EUR | (10) | (1,180) |
| If the RMB weakens against the HKD | 10 | 5,308 |
| If the RMB strengthens against the HKD | (10) | (5,308) |
| If the RMB weakens against the JPY | 10 | 276 |
| If the RMB strengthens against the JPY | (10) | (276) |
| If the RMB weakens against the SGD | 10 | 3,618 |
| If the RMB strengthens against the SGD | (10) | (3,618) |

**Credit risk**

An impairment analysis was performed at end of each of the Relevant Periods using a provision matrix to measure expected credit losses. Trade receivables relating to customers with known financial difficulties or significant doubt on collection are assessed individually for impairment allowance. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

***Maximum exposure and year-end staging***

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

**As at 31 December 2023**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Debt investments at fair value through other comprehensive income | 1,548,308 | — | — | — | 1,548,308 |
| Trade and bills receivables* | 13,424 | — | — | 7,675,998 | 7,689,422 |
| Financial asset included in prepayments, deposits and other receivables | | | | | |
| — Normal** | 32,556 | — | — | — | 32,556 |
| — Doubtful** | — | — | 658 | — | 658 |
| Restricted cash | | | | | |
| — Not yet past due | 142,450 | — | — | — | 142,450 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 1,133,160 | — | — | — | 1,133,160 |
| Total | 2,869,898 | — | 658 | 7,675,998 | 10,546,554 |

**As at 31 December 2024**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Debt investments at fair value through other comprehensive income | 1,679,566 | — | — | — | 1,679,566 |
| Contract assets | — | — | — | 51,359 | 51,359 |
| Trade and bills receivables* | 66,996 | — | — | 10,326,926 | 10,393,922 |
| Financial asset included in prepayments, deposits and other receivables | | | | | |
| — Normal** | 120,674 | — | — | — | 120,674 |
| — Doubtful** | — | — | 611 | — | 611 |
| Restricted cash | | | | | |
| — Not yet past due | 54,150 | — | — | — | 54,150 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 721,166 | — | — | — | 721,166 |
| Total | 2,642,552 | — | 611 | 10,378,285 | 13,021,448 |

**As at 31 December 2025**

| | 12-month ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Total |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Debt investments at fair value through other comprehensive income | 2,403,643 | — | — | — | 2,403,643 |
| Contract assets | — | — | — | 43,778 | 43,778 |
| Trade and bills receivables* | 560 | — | — | 10,758,642 | 10,759,202 |
| Financial asset included in prepayments, deposits and other receivables | | | | | |
| — Normal** | 200,167 | — | — | — | 200,167 |
| — Doubtful** | — | — | 611 | — | 611 |
| Restricted cash | | | | | |
| — Not yet past due | 31,637 | — | — | — | 31,637 |
| Cash and cash equivalents | | | | | |
| — Not yet past due | 1,416,446 | — | — | — | 1,416,446 |
| Total | 4,052,453 | — | 611 | 10,802,420 | 14,855,484 |

* For commercial accepted bills receivables and trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

Further quantitative data in respect of the Group's exposure to credit risk arising from commercial accepted bills receivables and trade receivables are disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from commercial accepted bills receivables and trade receivables are disclosed in note 19 to the financial statements.

**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities and lease liabilities as at end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

**As at 31 December 2023**

| | Less than 1 year | 1 to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 6,808,149 | — | — | 6,808,149 |
| Derivative financial instruments | 120 | — | — | 120 |
| Financial liabilities included in other payables and accruals | 420,816 | — | — | 420,816 |
| Interest-bearing bank borrowings | 268,450 | 784,141 | — | 1,052,591 |
| Lease liabilities | 22,839 | 23,476 | 40,900 | 87,215 |
| Total | 7,520,374 | 807,617 | 40,900 | 8,368,891 |

**As at 31 December 2024**

| | Less than 1 year | 1 to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 8,020,082 | — | — | 8,020,082 |
| Financial liabilities included in other payables and accruals | 472,035 | — | — | 472,035 |
| Interest-bearing bank borrowings | 917,187 | 219,749 | — | 1,136,936 |
| Lease liabilities | 19,155 | 21,913 | 44,526 | 85,594 |
| Total | 9,428,459 | 241,662 | 44,526 | 9,714,647 |

**As at 31 December 2025**

| | Less than 1 year | 1 to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills payables | 9,202,364 | — | — | 9,202,364 |
| Derivative financial instruments | 27,387 | — | — | 27,387 |
| Financial liabilities included in other payables and accruals | 824,172 | — | — | 824,172 |
| Interest-bearing bank borrowings | 1,006,984 | 252,113 | 11,796 | 1,270,893 |
| Lease liabilities | 24,714 | 41,669 | 45,733 | 112,116 |
| Total | 11,085,621 | 293,782 | 57,529 | 11,436,932 |

**Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt to asset ratio, which is total liabilities divided by total assets. The debt to asset ratios as at the end of each of the Relevant Periods were as follows:

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Total liabilities | 9,953,950 | 11,717,785 | 14,282,641 |
| Total assets | 18,014,086 | 21,483,325 | 29,845,319 |
| Debt-to-asset ratio | 55% | 55% | 48% |

**40. EVENTS AFTER THE RELEVANT PERIODS**

On 11 March 2026, the Company announced the repurchase of 33,340 restricted shares, due to the resignation or failure to meet individual performance evaluation of 22 incentive recipients, at total consideration amounted to approximately RMB1,500,000. The shares have been deregistered by the Company, resulting in a reduction of the Company's total number of shares from 596,842,634 to 596,809,294.

Except disclosed above and in the notes to the financial statements, there are no other significant events or transactions subsequent to 31 December 2025 that require adjustment to or disclosure in the financial statements.

**41. SUBSEQUENT FINANCIAL STATEMENTS**

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