

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this Document, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHANGZHOU XINGYU AUTOMOTIVE LIGHTING SYSTEMS CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Changzhou Xingyu Automotive Lighting Systems Co., Ltd. (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) set out on pages I-4 to I-100, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 and March 31, 2026, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and March 31, 2026 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2026 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-100 forms an integral part of this report, which has been prepared for inclusion in the Document of the Company dated [●] (the “**Document**”) in connection with the [REDACTED] of 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 3 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” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 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.

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Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at December 31, 2023, 2024 and 2025 and March 31, 2026 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2025 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Report on matters under the Rules Governing the Listed 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-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

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Certified Public Accountants
Hong Kong

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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 consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by HLB Hodgson Impey Cheng Limited in accordance with Hong Kong Standards on Auditing 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.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Revenue	5	10,248,446	13,252,934	15,256,666	3,094,510	3,429,874
Cost of sales		(8,152,112)	(10,723,601)	(12,269,446)	(2,511,317)	(2,766,371)
Gross profit		2,096,334	2,529,333	2,987,220	583,193	663,503
Other income	6	145,988	196,758	172,097	40,228	44,418
Other gains and losses, net	7	(5,933)	(28,237)	3,394	(1,338)	(11,674)
Investment income	8	56,388	47,201	44,094	9,972	8,860
(Allowance for)/reversal of expected credit loss (“ECL”) on financial assets at amortized cost	9	(98,501)	(56,957)	(288)	18,777	23,806
Selling expenses		(46,828)	(55,787)	(62,495)	(11,309)	(10,739)
Administrative expenses		(332,760)	(377,980)	(440,178)	(86,933)	(103,817)
Research and development expenses		(610,244)	(655,493)	(883,712)	(185,966)	(228,990)
Finance costs	10	(1,352)	(6,410)	(6,903)	(4,373)	(3,548)
Profit before tax	11	1,203,092	1,592,428	1,813,229	362,251	381,819
Income tax expenses	12	(100,961)	(184,145)	(189,145)	(40,138)	(26,662)
Profit for the year/period		1,102,131	1,408,283	1,624,084	322,113	355,157
Profit for the year/period attributable to:						
Equity holders of the Company		1,102,131	1,408,283	1,624,084	322,113	355,157
Non-controlling interests		–	–	–	–	–
		1,102,131	1,408,283	1,624,084	322,113	355,157

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	<i>Notes</i>	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Other comprehensive income/(loss):						
<i>Item that will not be reclassified to profit or loss:</i>						
Change in fair value of investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		9,099	878	83,222	53,195	(49,137)
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations . .		35,719	(11,332)	39,879	19,102	(32,043)
Other comprehensive income/(loss) for the year/period, net of tax		44,818	(10,454)	123,101	72,297	(81,180)
Total comprehensive income for the year/period		1,146,949	1,397,829	1,747,185	394,410	273,977
Total comprehensive income for the year/period attributable to:						
Equity holders of the Company . . .		1,146,949	1,397,829	1,747,185	394,410	273,977
Non-controlling interests		–	–	–	–	–
		1,146,949	1,397,829	1,747,185	394,410	273,977
Earnings per share attributable to equity holders of the Company for the year/period						
(expressed in RMB per share)	15					
– basic		3.87	4.96	5.73	1.14	1.26
– diluted.		3.87	4.96	5.71	1.13	1.25

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,			As at March 31,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment . . .	16	3,879,971	4,033,788	4,117,356	4,278,679
Right-of-use assets	17	425,408	377,846	479,280	471,629
Intangible assets	18	70,097	84,961	81,099	71,307
Financial assets at FVTOCI	22	335,844	353,556	656,374	621,058
Financial assets at fair value through profit or loss ("FVTPL")	23	—	—	70,000	70,000
Prepayments	21	76,606	109,267	326,320	341,308
Deferred tax assets	31	21,433	27,668	17,014	24,329
		<u>4,809,359</u>	<u>4,987,086</u>	<u>5,747,443</u>	<u>5,878,310</u>
Current assets					
Inventories	19	2,245,407	2,629,252	2,575,032	2,317,970
Trade and bills receivables	20	4,398,136	6,108,933	7,149,614	7,000,450
Prepayments, deposits and other receivables	21	59,898	72,818	55,162	80,848
Financial assets at FVTPL	23	1,156,956	1,122,399	1,444,626	1,726,947
Cash and cash equivalents and restricted bank deposits	24	2,104,662	2,023,579	2,373,349	2,109,384
		<u>9,965,059</u>	<u>11,956,981</u>	<u>13,597,783</u>	<u>13,235,599</u>
Current liabilities					
Trade and bills payables	25	3,939,537	5,139,349	6,258,045	5,960,705
Accruals and other payables	26	862,938	854,548	858,153	805,709
Contract liabilities	27	7,465	3,381	36,580	4,028
Lease liabilities	28	12,972	16,789	13,083	12,106
Provisions	29	59,249	72,495	101,739	127,886
Tax payables		72,869	66,763	86,646	42,465
		<u>4,955,030</u>	<u>6,153,325</u>	<u>7,354,246</u>	<u>6,952,899</u>

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	<i>Notes</i>	As at December 31,			As at March 31,
		2023	2024	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net current assets		5,010,029	5,803,656	6,243,537	6,282,700
Total assets less current liabilities .		9,819,388	10,790,742	11,990,980	12,161,010
Non-current liabilities					
Lease liabilities	28	24,350	10,850	14,304	11,283
Deferred income	30	634,820	559,682	522,033	501,683
Deferred tax liabilities	31	24,014	42,945	56,394	75,023
		683,184	613,477	592,731	587,989
Net assets		9,136,204	10,177,265	11,398,249	11,573,021
Equity					
Share capital	32	285,679	285,679	285,679	285,679
Reserves		8,850,525	9,891,586	11,112,570	11,284,342
Equity attributable to equity holders of the Company		9,136,204	10,177,265	11,398,249	11,570,021
Non-controlling interests		—	—	—	3,000
Total equity		9,136,204	10,177,265	11,398,249	11,573,021

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Year ended December 31, 2025

Attributable to equity holders of the Company										
	Share capital	Capital reserve	Shares held for share award scheme	Contribution reserve	Share-based payment reserve	Investment revaluation reserve	Translation reserve	Statutory reserve	Retained earnings	Total
	(Note 32) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	RMB'000	RMB'000
As at January 1, 2025	285,679	4,176,293	(220,031)	38,880	1,628	24,632	20,258	179,346	5,670,580	10,177,265
Profit for the year	-	-	-	-	-	-	-	-	1,624,084	1,624,084
Other comprehensive income for the year	-	-	-	-	-	83,222	-	-	-	83,222
– Change in fair value of investments in equity instruments at FVTOCI	-	-	-	-	-	-	-	-	-	-
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	39,879	-	-	39,879
Total comprehensive income for the year	-	-	-	-	-	83,222	39,879	-	1,624,084	1,747,185
Repurchase of shares	-	-	(161,186)	-	-	-	-	-	-	(161,186)
Grant of shares under share award scheme	-	-	-	38,842	-	-	-	-	-	38,842
Share-based payment	-	-	-	-	22,605	-	-	-	-	22,605
Shares vested under the share award scheme	-	3,858	24,867	(15,552)	(13,173)	-	-	-	-	-
Transfer of investment revaluation reserve to retained earnings upon disposal of investments	-	-	-	-	-	(42,694)	-	-	42,694	-
Dividend declared	-	-	-	-	-	-	-	-	(426,462)	(426,462)
As at December 31, 2025	285,679	4,180,151	(356,350)	62,170	11,060	65,160	60,137	179,346	6,910,896	11,398,249

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Three months ended March 31, 2025 (unaudited)

	Attributable to equity holders of the Company								Total
	Share capital	Capital reserve	Shares held for share award scheme	Contribution reserve	Share-based payment reserve	Investment revaluation reserve	Translation reserve	Statutory reserve	
	(Note 32) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	(Note 44) RMB'000	RMB'000
As at January 1, 2025	285,679	4,176,293	(220,031)	38,880	1,628	24,632	20,258	179,346	10,177,265
Profit for the period	-	-	-	-	-	-	-	-	322,113
Other comprehensive income for the period									
– Change in fair value of investments in equity instruments at FVTOCI	-	-	-	-	-	53,195	-	-	53,195
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	19,102	-	19,102
Total comprehensive income for the period . . .	-	-	-	-	-	53,195	19,102	-	394,410
Share-based payment	-	-	-	-	5,110	-	-	-	5,110
As at March 31, 2025	285,679	4,176,293	(220,031)	38,880	6,738	77,827	39,360	179,346	10,576,785

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Operating activities					
Profit before tax	1,203,092	1,592,428	1,813,229	362,251	381,819
Adjustments for:					
Depreciation of property, plant and equipment	416,351	501,645	566,237	133,973	152,143
Depreciation of right-of-use assets	25,224	24,265	24,697	15,370	6,358
Amortization of intangible assets	17,692	34,736	43,789	602	11,307
Loss on disposal of property, plant and equipment	889	13,002	1,100	481	209
(Gain)/loss on disposal of right-of-use assets	–	(1,296)	259	–	–
Provision for/(reversal of) write-down of inventories . .	13,067	26,331	10,500	(402)	(437)
Allowance for/(reversal of) ECL on financial assets at amortized cost	98,501	56,957	288	(18,777)	(23,806)
Investment income	(56,388)	(47,201)	(44,094)	(9,972)	(8,860)
Share-based payment	–	1,626	22,605	5,110	8,766
Interest income	(17,933)	(14,290)	(9,567)	(2,183)	(1,399)
Finance costs	1,352	6,410	6,903	4,373	3,548
Operating cash flows before movements in working capital .	1,701,847	2,194,613	2,435,946	490,826	529,648
Decrease/(increase) in inventories	58,854	(410,177)	43,720	125,200	253,857
(Increase)/decrease in trade and bills receivables	(2,036,066)	(1,767,118)	(1,029,312)	155,113	145,361
Decrease/(increase) in prepayments, deposits and other receivables	92,035	24,165	(173,088)	89,316	(115,762)
(Increase)/decrease in restricted bank deposits	(8,561)	(8,675)	73,220	–	(4,194)
Increase/(decrease) in trade and bills payables	822,313	1,199,812	1,111,628	(325,191)	(290,934)
Increase/(decrease) in accruals and other payables	38,263	(170,168)	8,320	(33,977)	(52,041)
(Decrease)/increase in contract liabilities	(9,281)	(4,084)	33,199	306	(32,527)
Increase/(decrease) in provisions .	8,866	13,246	29,244	(3,923)	26,147
Increase/(decrease) in deferred income	115,759	(75,138)	(37,649)	(29,923)	(16,999)
Cash generated from operations .	784,029	996,476	2,495,228	467,747	442,556
Income tax paid	(118,238)	(177,726)	(159,392)	(40,407)	(51,084)
Net cash generated from operating activities	665,791	818,750	2,335,836	427,340	391,472

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	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Investing activities					
Interest received	17,933	14,290	9,567	2,183	1,399
Dividend received on financial assets at FVTOCI	–	773	1,595	–	532
Purchases of financial assets at FVTPL	(6,459,270)	(5,357,331)	(7,211,229)	(1,421,350)	(2,036,546)
Proceeds from disposal of financial assets at FVTPL	7,982,028	5,438,316	6,861,501	1,327,019	1,760,830
Purchases of financial assets at FVTOCI	(60,000)	(15,000)	(288,891)	–	(30,000)
Proceeds from disposal of financial assets at FVTOCI . . .	–	–	82,013	–	6,000
Purchase of property, plant and equipment	(996,196)	(621,785)	(619,166)	(147,073)	(259,207)
Proceeds on disposal of property, plant and equipment	7,882	9,810	15,358	454	2,420
Purchase of right-of-use assets . .	–	(4,770)	(211,468)	–	–
Proceeds on disposal of right-of-use assets	–	3,028	–	–	–
Purchase of intangible assets . . .	(44,437)	(52,586)	(37,335)	(5,748)	(1,704)
Net cash generated from/(used in) investing activities	447,940	(585,255)	(1,398,055)	(244,515)	(556,276)
Financing activities					
Dividend paid	(312,437)	(397,276)	(426,462)	–	–
Interest paid	(255)	(5,349)	(6,264)	(4,373)	(3,548)
Repayment of lease liabilities . . .	(17,905)	(13,282)	(15,166)	(5,758)	(3,998)
Payments on repurchase of shares	(220,031)	–	(161,186)	–	(110,971)
Grant of shares under share award scheme	–	38,880	38,842	–	–
Disposal of partial interests in a subsidiary without loss of control	–	–	–	–	3,000
Net cash used in financing activities	(550,628)	(377,027)	(570,236)	(10,131)	(115,517)
Net increase/(decrease) in cash and cash equivalents	563,103	(143,532)	367,545	172,694	(280,321)
Cash and cash equivalents at the beginning of the year/period . . .	1,407,872	2,014,837	1,925,079	1,925,079	2,348,069
Effect of foreign exchange rate changes	43,862	53,774	55,445	(15,139)	12,162
Cash and cash equivalents at the end of the year/period	2,014,837	1,925,079	2,348,069	2,082,634	2,079,910

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at December 31,			As at
		2023	2024	2025	March 31,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2026
					<i>RMB'000</i>
Non-current assets					
Property, plant and equipment . . .	16	3,056,336	3,226,709	3,267,467	3,458,835
Right-of-use assets	17	316,872	299,031	400,694	395,389
Interests in subsidiaries	43	294,448	314,400	440,463	409,156
Financial assets at FVTOCI	22	259,947	274,947	294,018	318,018
Financial assets at FVTPL	23	—	—	70,000	70,000
Intangible assets	18	63,756	80,981	76,960	68,002
Prepayments	21	51,394	79,778	322,156	329,934
		<u>4,042,753</u>	<u>4,275,846</u>	<u>4,871,758</u>	<u>5,049,334</u>
Current assets					
Inventories	19	2,071,585	2,447,464	2,383,182	2,120,410
Trade and bills receivables	20	4,486,000	6,100,235	7,098,567	6,957,563
Prepayments, deposits and other receivables	21	49,175	66,840	50,910	59,080
Financial assets at FVTPL	23	1,156,956	1,122,399	1,367,853	1,616,863
Cash and cash equivalents and restricted bank deposits	24	1,955,353	1,851,002	2,078,442	1,879,868
		<u>9,719,069</u>	<u>11,587,940</u>	<u>12,978,954</u>	<u>12,633,784</u>
Current liabilities					
Trade and bills payables	25	3,876,878	5,010,652	6,047,571	5,806,711
Accruals and other payables	26	821,293	825,918	831,681	772,585
Contract liabilities		7,465	3,381	36,566	2,944
Lease liabilities		12,972	16,789	11,586	11,014
Provisions	29	58,580	71,973	100,216	123,451
Tax payables		74,183	67,742	86,223	39,363
		<u>4,851,371</u>	<u>5,996,455</u>	<u>7,113,843</u>	<u>6,756,068</u>
Net current assets		<u>4,867,698</u>	<u>5,591,485</u>	<u>5,865,111</u>	<u>5,877,716</u>
Total assets less current liabilities .		<u>8,910,451</u>	<u>9,867,331</u>	<u>10,736,869</u>	<u>10,927,050</u>

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	<i>Notes</i>	As at December 31,			As at
		2023	2024	2025	March 31,
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities					
Lease liabilities		24,350	8,174	14,304	11,283
Deferred income	30	532,718	462,199	419,143	402,518
Deferred tax liabilities	31	24,014	42,771	50,758	74,943
		<u>581,082</u>	<u>513,144</u>	<u>484,205</u>	<u>488,744</u>
Net assets		<u>8,329,369</u>	<u>9,354,187</u>	<u>10,252,664</u>	<u>10,438,306</u>
Equity					
Share capital	32	285,679	285,679	285,679	285,679
Reserves	44	8,043,690	9,068,508	9,966,985	10,152,627
Total equity		<u>8,329,369</u>	<u>9,354,187</u>	<u>10,252,664</u>	<u>10,438,306</u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

常州星宇車燈股份有限公司 Changzhou Xingyu Automotive Lighting Systems Co., Ltd. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on May 18, 2000 as a limited liability company. In October 2007, the Company was converted into a joint stock company with limited liability under the Company Laws. In February 2011, the Company was listed on the Shanghai Stock Exchange (stock code: 601799.SH). The addresses of the registered office and the principal place of business of the Company is No. 398 Hanjiang Road, Xinbei District, Changzhou City, Jiangsu Province, the PRC and No. 182 Qinling Road, Xinbei District, Changzhou City, Jiangsu Province, the PRC respectively.

The Company and its subsidiaries (the “**Group**”) is principally engaged in the design, development, manufacturing, and sales of automotive lighting products.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

The International Accounting Standards Board (“**IASB**”) has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period. The new and revised accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2026 are set out as below.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures ²
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 20	Regulatory Assets and Regulatory Liabilities ³

¹ Effective for annual periods beginning on or after a date to be determined.

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

³ Effective for annual periods beginning on or after 1 January 2029.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been

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moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. The minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material effect on the financial position and performance of the Group, except for the presentation of the statement of profit or loss and disclosures in the financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of the Historical Financial Information

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The statutory financial statements of the Company for each of the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Talent Certified Public Accountants* (天衡會計師事務所(特殊普通合伙)), a certified public accountants registered in the PRC.

Basis of preparation

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 “Share-based Payment”, leasing transactions that are within the scope of IFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 “Inventories” or value in use in IAS 36 “Impairment of Assets”.

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.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent years, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

* *The official name of these entities in Chinese. The English is for identification purpose only.*

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In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organized workforce with the

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necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

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

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

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

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

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

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at

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subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Interests in subsidiaries

Interests in subsidiaries are included in the statements of financial position of the Company at cost less accumulated impairment losses, if any.

Revenue from contracts with customers

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

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

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

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The contract assets primarily relate to the Group’s right to consideration for work completed and not billed because the rights are conditioned on the Group’s future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in Note 5 to the Historical Financial Information.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

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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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing

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on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the Group’s interest in the foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

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

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

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A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS Accounting Standard requires or permits their inclusion in the cost of an asset.

Share-based payments

Equity-settled share-based payment transactions – Share awards granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

When share awards granted are vested, the amount previously recognized in share-based payment reserve will be transferred to shares held for share award scheme.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands and construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation on property, plant and equipment is provided to write off the cost less their estimated residual value over their estimated useful lives, using the straight-line method, as follows:

Building	20-40 years
Plant and machinery.	3-20 years
Office equipment	3-5 years
Motor vehicle.	4-7 years
Others	4-10 years

The assets' estimated residual value, depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

The estimated useful lives of intangible assets are as follows:

Software	2-5 years
Non-patented technology	10 years

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

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

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

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial

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assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity instruments in other comprehensive income if that equity instruments is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortized cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the Investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and is transferred to retained earnings.

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Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and bills receivables, deposits and other receivables and cash and cash equivalents and restricted bank deposits) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group recognized both 12-month and lifetime ECL for trade and bills receivables.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

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(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and bills receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

Lifetime ECL for trade and bills receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Derecognition/modification of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms,

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including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortized over the remaining term. Any adjustment to the carrying amount of the financial asset is recognized in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3 to the Historical Financial Information, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Allowance for ECL on trade and bills receivables

Trade and bills receivables are assessed for ECL using a provision matrix. Trade and bills receivables with significant balances and credit-impaired are assessed for ECL individually.

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The provision matrix of ECL is sensitive to changes in estimates. The information about the ECL and the Group’s trade and bills receivables are disclosed in Note 20 to the Historical Financial Information.

Fair value measurements for financial assets at FVTPL and financial assets at FVTOCI

The Group has made various investments during the Track Record Period as set out in Notes 22 and 23. The Group accounts for these financial instruments as financial assets at FVTOCI and financial assets at FVTPL. For those investments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. Judgment and estimation are required in establishing the relevant valuation approach and inputs. Changes in any of the estimates and assumptions could affect the fair values of these instruments. Further disclosures are set out in Note 40.

5. REVENUE AND SEGMENT INFORMATION

(i) Revenue

Disaggregation of revenue from contracts with customers

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Types of goods:					
Automotive lighting products . . .	9,616,013	12,500,700	14,430,925	2,926,633	3,291,258
Others*	632,433	752,234	825,741	167,877	138,616
	<u>10,248,446</u>	<u>13,252,934</u>	<u>15,256,666</u>	<u>3,094,510</u>	<u>3,429,874</u>
Timing of revenue recognition					
At a point in time	<u>10,248,446</u>	<u>13,252,934</u>	<u>15,256,666</u>	<u>3,094,510</u>	<u>3,429,874</u>

* Others mainly represents sales of raw materials, warning triangles and other automotive components.

The Group’s revenue from external customers, based on the respective country/region of the external customers’ operations are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
The PRC	9,902,650	12,733,379	14,599,245	2,921,876	3,234,841
Others	345,796	519,555	657,421	172,634	195,033
	<u>10,248,446</u>	<u>13,252,934</u>	<u>15,256,666</u>	<u>3,094,510</u>	<u>3,429,874</u>

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Performance obligations for contracts with customers

Sales of automotive lighting products

The Group manufactures and sells automotive lighting products to vehicle manufacturers. A contract liability is recognized for advance payments received for sales in which revenue has yet been recognized.

The Group’s automotive lighting products sales can generally be divided into direct sales and export sales. Under the direct sales model, the Group recognizes sales revenue when the products are shipped and accepted; for export sales, the Group recognizes sales revenue when the automotive lighting products are shipped to the end customer and the export customs declaration and bill of lading are obtained.

Sales of other goods

The Group sells other goods to customers. A contract liability is recognized for advance payments received for sales in which revenue has yet been recognized.

The Group recognizes sales revenue when the products are shipped and accepted.

Sales returns

Based on the Group’s sales contracts with the customers, they can only return or request for refund if the product delivered to them does not meet the pre-specified quality requirement; otherwise, the Group does not accept product returns or exchanges without the management’s consent.

Transaction price allocated to the remaining performance obligation for contracts with customers

Automotive lighting products are delivered within a period of less than one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(ii) Segment information

Information reported to the executive directors of the Company, being the chief operating decision makers (“**CODM**”), for the purposes of resources allocation and assessment of performance, focuses specifically on the revenue analysis by principal categories of the Group’s business. The principal categories of the Group’s business are manufacturing and trading of automotive lighting products. No other discrete financial information is regularly provided to the CODM for the purposes of resources allocation and performance assessment other than the Group’s results and financial performance as a whole. Accordingly, only entity-wide disclosures, including major customers and geographical information are presented.

Geographical information

Information about the Group’s non-current assets is presented based on the geographical location of the assets. Non-current assets excluded deferred tax assets and financial instruments.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	3,923,003	4,066,370	4,443,585	4,625,066
Serbia	528,893	539,401	560,413	537,812
Others	186	91	57	45
	<u>4,452,082</u>	<u>4,605,862</u>	<u>5,004,055</u>	<u>5,162,923</u>

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Information about major customers

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	3,752,280	3,091,882	2,970,693	720,648	554,093
Customer B	1,539,779	2,711,181	2,966,328	810,133	590,326
Customer C	N/A [#]	2,035,740	2,647,049	326,109	351,999

[#] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the reporting period.

6. OTHER INCOME

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants (<i>note</i>)	118,162	174,994	158,470	36,336	41,178
Interest income from bank deposits	17,933	14,290	9,567	2,183	1,399
Others	9,893	7,474	4,060	1,709	1,841
	<u>145,988</u>	<u>196,758</u>	<u>172,097</u>	<u>40,228</u>	<u>44,418</u>

note: The amounts mainly represented the incentive subsidies provided by the PRC Government to encourage business operation in the PRC. There were no unfulfilled conditions attached to these grants.

7. OTHER GAINS AND LOSSES, NET

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Exchange (losses)/gains, net	(2,308)	(13,958)	7,364	(271)	(11,090)
Loss on disposal of property, plant and equipment	(889)	(13,002)	(1,100)	(481)	(209)
Gain/(loss) on disposal of right-of-use assets	—	1,296	(259)	—	—
Others	(2,736)	(2,573)	(2,611)	(586)	(375)
	<u>(5,933)</u>	<u>(28,237)</u>	<u>3,394</u>	<u>(1,338)</u>	<u>(11,674)</u>

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8. INVESTMENT INCOME

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividend income on financial assets at FVTOCI	–	773	1,595	–	532
Investment income on structured deposits and wealth management products	56,388	46,428	42,499	9,972	8,328
	<u>56,388</u>	<u>47,201</u>	<u>44,094</u>	<u>9,972</u>	<u>8,860</u>

9. ALLOWANCE FOR/(REVERSAL OF) ECL ON FINANCIAL ASSETS AT AMORTIZED COST

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Trade receivables	92,833	76,771	(524)	(18,748)	(24,036)
Bills receivables	5,422	(20,450)	45	(62)	(8)
Other receivables	246	636	767	33	238
	<u>98,501</u>	<u>56,957</u>	<u>288</u>	<u>(18,777)</u>	<u>(23,806)</u>

10. FINANCE COSTS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on discounted bills receivables	255	5,349	6,264	4,219	3,350
Interest on lease liabilities	1,097	1,061	639	154	198
	<u>1,352</u>	<u>6,410</u>	<u>6,903</u>	<u>4,373</u>	<u>3,548</u>

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11. PROFIT BEFORE TAX

Profit before tax for the reporting period has been arrived at after charging/(crediting):

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Directors’ and supervisors’ emoluments (<i>Note 13</i>)	3,256	3,393	4,324	925	731
Other staff costs:					
Salaries, allowances, bonuses and benefits in kind	1,128,941	1,207,705	1,261,392	290,341	406,587
Pension scheme contributions and social welfare	32,435	38,206	43,579	10,351	10,803
Share-based payment.	–	1,602	22,258	5,034	8,766
	<u>1,161,376</u>	<u>1,247,513</u>	<u>1,327,229</u>	<u>305,726</u>	<u>426,156</u>
Total staff costs	1,164,632	1,250,906	1,331,553	306,648	426,887
Less: capitalized in inventories . .	<u>(621,494)</u>	<u>(664,498)</u>	<u>(657,212)</u>	<u>(146,319)</u>	<u>(246,075)</u>
	<u>543,138</u>	<u>586,408</u>	<u>674,341</u>	<u>160,329</u>	<u>180,812</u>
Analyzed as:					
charged in administrative expenses	161,440	171,257	184,420	42,964	49,176
charged in selling expenses . . .	25,954	24,596	23,627	6,679	6,131
charged in research and development expenses	355,744	390,555	466,294	110,686	125,505
	<u>543,138</u>	<u>586,408</u>	<u>674,341</u>	<u>160,329</u>	<u>180,812</u>
Depreciation of property, plant and equipment	416,351	501,645	566,237	133,973	152,143
Depreciation of right-of-use assets	25,224	24,265	24,697	15,370	6,358
Amortization of intangible assets	17,692	34,736	43,789	602	11,307
Total depreciation and amortization expenses	459,267	560,646	634,723	149,945	169,808
Less: capitalized in inventories .	<u>(363,958)</u>	<u>(439,939)</u>	<u>(494,352)</u>	<u>(116,490)</u>	<u>(134,779)</u>
	<u>95,309</u>	<u>120,707</u>	<u>140,371</u>	<u>33,455</u>	<u>35,029</u>

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	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Analyzed as:					
charged in administrative expenses	46,589	54,926	67,650	15,425	18,643
charged in selling expenses . . .	230	1,302	1,523	1,201	405
charged in research and development expenses	48,490	64,479	71,198	16,829	15,981
	<u>95,309</u>	<u>120,707</u>	<u>140,371</u>	<u>33,455</u>	<u>35,029</u>
Cost of inventories recognized as cost of sales	7,951,362	10,397,391	11,987,669	2,462,733	2,705,696
Provision for/(reversal of) write-down of inventories	13,067	26,331	10,500	(402)	(437)
[REDACTED] expenses	<u>—</u>	<u>—</u>	<u>[REDACTED]</u>	<u>—</u>	<u>[REDACTED]</u>

12. INCOME TAX EXPENSES

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax:					
PRC Enterprise Income Tax (“EIT”)	110,221	171,456	168,183	30,155	12,120
(Over-provision)/under-provision in prior years	(334)	310	4,153	1,054	828
Deferred tax	<u>(8,926)</u>	<u>12,379</u>	<u>16,809</u>	<u>8,929</u>	<u>13,714</u>
	<u>100,961</u>	<u>184,145</u>	<u>189,145</u>	<u>40,138</u>	<u>26,662</u>

PRC Enterprise Income Tax

Under the EIT Law and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a “High and New Technology Enterprise” under the relevant tax rules and regulations in December 2020 and November 2023, and therefore the Company was entitled to a preferential EIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Pursuant to Caishui [2023] No. 12 “Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、國家稅務總局關於進一步支持小微企業和個體工商發展有關稅費政策的公告), Changzhou Xinghui Digital Technology Co., Ltd.* (常州星輝數字技術有限公司) and Shanghai Xingyu Zhixing Technology Co., Ltd.* (上海星宇智行技術有限公司) were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income from January 1, 2023 to December 31, 2027.

* The official name of these entities in Chinese. The English for identification purpose only.

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Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first Hong Kong dollars (“**HK\$**”) 2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

Serbian Corporate Income Tax

According to Serbian Corporate Income Tax Law, foreign-invested enterprises with fixed asset investments of Serbian Dinar (“**RSD**”) 1 billion and creating more than 100 new jobs during the investment period are exempt from the Corporate Income Tax for 10 years from its first profit-making year. Xingyu Automotive Lighting Systems d.o.o NiS (“**Xingyu Serbia**”) operating in Serbia is eligible for the concession.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted in certain jurisdictions in which the Group operates.

However, the enactment of Pillar Two legislation in additional jurisdictions in which the Group operates does not have a material impact to the Group’s overall exposure to Pillar Two income taxes.

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

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Profit before tax	1,203,092	1,592,428	1,813,229	362,251	381,819
Tax at the domestic income tax rate	189,162	252,844	284,086	57,262	59,245
(Over-provision)/under-provision in prior years	(334)	310	4,153	1,054	828
Tax effect of income not taxable for tax purposes	–	(116)	(239)	(33)	(218)
Tax effect of expenses not deductible for tax purposes . . .	1,333	2,632	1,739	1,056	123
Additional deduction of expenses	(74,402)	(76,178)	(99,647)	(21,504)	(25,614)
Tax effect of deductible temporary difference not recognized	–	4,161	–	–	–
Utilization of deductible temporary differences previously not recognized.	(18,743)	–	(5,171)	–	(6,823)
Tax effect of tax losses not recognized	3	–	–	–	–
Utilization of tax losses previously not recognized.	–	(1)	(6,424)	–	(879)
Release of tax loss previously recognized	3,942	493	10,648	2,303	–
	<u>100,961</u>	<u>184,145</u>	<u>189,145</u>	<u>40,138</u>	<u>26,662</u>

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13. DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS AND EMOLUMENTS OF EMPLOYEES

Directors’ and supervisors’ emoluments

The emoluments paid or payable to the directors and supervisors of the Company during the reporting period are as follow:

	Directors’ fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions and social welfare	Share-based payment	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended December 31, 2023						
Directors:						
Ms. Zhou Xiaoping (“Ms. Zhou”)	–	1,100	–	–	–	1,100
Mr. Gao Guohua	–	–	–	–	–	–
Mr. Yu Zhiming (“Mr. Yu”)	–	404	60	22	–	486
Mr. Xu Huiyi (“Mr. Xu”)	–	464	41	22	–	527
Independent Directors:						
Mr. Ma Peilin (“Mr. Ma”)	180	–	–	–	–	180
Ms. Han Jian (“Ms. Han”)	180	–	–	–	–	180
Mr. Li Xiang (“Mr. Li”)	180	–	–	–	–	180
Supervisors:						
Mr. Xu Xiaoping	–	343	53	22	–	418
Mr. Wang Shihai (“Mr. Wang”)	–	–	–	–	–	–
Ms. Liu Lingling (“Ms. Liu”)	–	155	16	14	–	185
	<u>540</u>	<u>2,466</u>	<u>170</u>	<u>80</u>	<u>–</u>	<u>3,256</u>

	Directors’ fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions and social welfare	Share-based payment	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended December 31, 2024						
Directors:						
Ms. Zhou	–	1,100	–	–	–	1,100
Mr. Gao Guohua	–	–	–	–	–	–
Mr. Yu	–	376	119	22	–	517
Mr. Xu	–	423	112	22	–	557
Independent Directors:						
Mr. Ma	180	–	–	–	–	180
Ms. Han	180	–	–	–	–	180
Mr. Li	180	–	–	–	–	180
Supervisors:						
Mr. Xu Xiaoping	–	351	80	22	24	477
Mr. Wang	–	–	–	–	–	–
Ms. Liu	–	157	27	18	–	202
	<u>540</u>	<u>2,407</u>	<u>338</u>	<u>84</u>	<u>24</u>	<u>3,393</u>

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	Directors’ fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions and social welfare	Share-based payment	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the year ended December 31, 2025						
Directors:						
Ms. Zhou	–	1,100	–	–	–	1,100
Mr. Zhou Yuheng (“Mr. Zhou”) (note (i))	–	611	115	31	–	757
Mr. Gao Guohua (note (iii))	–	–	–	–	–	–
Mr. Yu (note (iii))	–	404	115	20	–	539
Mr. Xu	–	399	115	30	–	544
Mr. Wang (note (ii))	–	–	–	–	–	–
Independent Directors:						
Mr. Ma	180	–	–	–	–	180
Ms. Han	180	–	–	–	–	180
Mr. Li	180	–	–	–	–	180
Supervisors:						
Mr. Xu Xiaoping (note ((v))	–	–	75	31	347	453
Mr. Wang (note (ii))	–	–	–	–	–	–
Ms. Liu (note ((v))	–	140	36	19	–	195
Mr. Li Miao (note ((iv))	–	141	36	19	–	196
	540	2,795	492	150	347	4,324

	Directors’ fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions and social welfare	Share-based payment	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the three months ended March 31, 2025 (unaudited)						
Directors:						
Ms. Zhou	–	275	–	–	–	275
Mr. Gao Guohua	–	–	–	–	–	–
Mr. Yu	–	108	24	8	–	140
Mr. Xu	–	107	24	8	–	139
Independent Directors:						
Mr. Ma	45	–	–	–	–	45
Ms. Han	45	–	–	–	–	45
Mr. Li	45	–	–	–	–	45
Supervisors:						
Mr. Xu Xiaoping	–	86	16	8	76	180
Mr. Wang	–	–	–	–	–	–
Ms. Liu	–	39	6	5	–	50
	135	615	70	29	76	925

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	Directors’ fees	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions and social welfare	Share-based payment	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
For the three months ended March 31, 2026						
Directors:						
Ms. Zhou	–	275	–	–	–	275
Mr. Zhou	–	157	23	9	–	189
Mr. Xu	–	106	18	8	–	132
Mr. Wang	–	–	–	–	–	–
Independent Directors:						
Mr. Ma	45	–	–	–	–	45
Ms. Han	45	–	–	–	–	45
Mr. Li	45	–	–	–	–	45
	<u>135</u>	<u>538</u>	<u>41</u>	<u>17</u>	<u>–</u>	<u>731</u>

notes:

- (i) Mr. Zhou has been appointed as Director of the Company with effect from April 10, 2025.
- (ii) Mr. Wang resigned as a Supervisor of the Company and reappointed as Director of the Company with effect from April 10, 2025.
- (iii) Mr. Gao Guohua and Mr. Yu resigned as Directors of the Company with effect from April 10, 2025.
- (iv) Mr. Li Miao has been appointed as a Supervisor of the Company with effect from April 10, 2025 and resigned as supervisor of the Company with effect from September 19, 2025.
- (v) Mr. Xu Xiaoping and Ms. Liu resigned as Supervisors of the Company with effect from September 19, 2025.

The directors’ and supervisors’ emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which the directors or supervisors of the Company waived or agreed to waive any emoluments during the reporting period.

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Emoluments of employees

The five highest paid employees of the Group for the years ended December 31, 2023, 2024 and 2025, and the three months ended March 31, 2025 and 2026 included 1, 1, 1, 1 (unaudited) and 1 director, respectively and details of whose remuneration are set out in above. Details of the remuneration for the reporting period of the remaining individuals are as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	4,105	4,207	3,574	909	865
Bonuses	718	671	966	242	210
Pension scheme contributions and social welfare	198	200	212	80	47
Share-based payment	–	60	831	114	574
	<u>5,021</u>	<u>5,138</u>	<u>5,583</u>	<u>1,345</u>	<u>1,696</u>

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Nil to RMB1,000,000	1	–	–	4	4
RMB1,000,001 to RMB1,500,000	2	3	2	–	–
RMB1,500,001 to RMB2,000,000	1	1	2	–	–
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the reporting period, no emoluments were paid by the Group to any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

For the year ended December 31, 2023

On April 20, 2023, the Company declared dividends of RMB11 per 10 shares, in aggregate of approximately RMB314,247,000 to its shareholders. Dividends of approximately RMB314,247,000 were originally declared for distribution. Following the subsequent share repurchases as mentioned in Note 33, the distributable dividend is reduced to approximately RMB312,437,000. The dividends were paid during the year ended December 31, 2023.

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For the year ended December 31, 2024

On April 18, 2024, the Company declared dividends of RMB12 per 10 shares, in aggregate of approximately RMB340,522,000 to its shareholders. The dividends were paid during the year ended December 31, 2024.

On September 6, 2024, the Company declared dividends of RMB2 per 10 shares, in aggregate of approximately RMB56,754,000 to its shareholders. The dividends were paid during the year ended December 31, 2024.

For the year ended December 31, 2025

On April 10, 2025, the Company declared dividends of RMB13 per 10 shares, in aggregate of approximately RMB369,600,000 to its shareholders. The dividends were paid during the year ended December 31, 2025.

On September 19, 2025, the Company declared dividends of RMB2 per 10 shares, in aggregate of approximately RMB56,862,000 to its shareholders. The dividends were paid during the year ended December 31, 2025.

For the three months ended March 31, 2026

On March 19, 2026, the Company proposed dividends of RMB18 per 10 shares, in aggregate of approximately RMB508,874,000 to shareholders. Following subsequent share repurchases in March and April 2026, the distributable dividend is reduced to approximately RMB508,837,000. On April 10, 2026, the Company declared the dividends and the dividends were paid in May 2026.

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue (excluding shares held for share award schemes) during the year/period.

	Year ended 31 December			Three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit for the year/period attributable to the equity holders of the Company for purpose of basic EPS (RMB'000)	<u>1,102,131</u>	<u>1,408,283</u>	<u>1,624,084</u>	<u>322,113</u>	<u>355,157</u>
Weighted average number of ordinary shares for the purpose of basic EPS ('000)	<u>284,956</u>	<u>283,768</u>	<u>283,678</u>	<u>283,768</u>	<u>281,953</u>
Basic EPS (RMB per share)	<u>3.87</u>	<u>4.96</u>	<u>5.73</u>	<u>1.14</u>	<u>1.26</u>

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(b) Diluted

The share awards granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share awards granted by the Company (collectively forming the denominator for computing the diluted EPS), which is determined under the treasury stock method.

In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the share awards granted.

	Year ended 31 December			Three months ended March 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit for the year/period attributable to the equity holders of the Company for purpose of basic and diluted EPS (<i>RMB'000</i>)	<u>1,102,131</u>	<u>1,408,283</u>	<u>1,624,084</u>	<u>322,113</u>	<u>355,157</u>
Weighted average number of ordinary shares for the purpose of basic EPS (<i>'000</i>)	284,956	283,768	283,678	283,768	281,953
Adjustments for shares awards scheme	<u>—</u>	<u>45</u>	<u>600</u>	<u>540</u>	<u>895</u>
Weighted average number of ordinary shares for the purpose of diluted EPS (<i>'000</i>)	<u>284,956</u>	<u>283,813</u>	<u>284,278</u>	<u>284,308</u>	<u>282,848</u>
Diluted EPS (<i>RMB per share</i>) . . .	<u>3.87</u>	<u>4.96</u>	<u>5.71</u>	<u>1.13</u>	<u>1.25</u>

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16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Building	Plant and machinery	Office equipment	Motor vehicle	Others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:							
As at January 1, 2023	1,541,569	2,385,713	135,091	16,231	69,078	597,390	4,745,072
Additions	39,541	350,607	132,728	2,416	21,998	354,729	902,019
Transfer	100,034	118,047	1,376	–	8,253	(227,710)	–
Disposal	–	(16,988)	(1,012)	(2,104)	(704)	–	(20,808)
Exchange alignment	10,965	1,053	147	24	22	8,004	20,215
As at December 31, 2023 and January 1, 2024	1,692,109	2,838,432	268,330	16,567	98,647	732,413	5,646,498
Additions	30,218	354,133	117,458	2,482	32,489	155,890	692,670
Transfer	301,391	203,979	160	–	–	(505,530)	–
Disposal	–	(47,643)	(4,178)	(561)	(1,090)	–	(53,472)
Exchange alignment	(6,053)	(6,681)	(35)	(96)	(19)	(7,618)	(20,502)
As at December 31, 2024 and January 1, 2025	2,017,665	3,342,220	381,735	18,392	130,027	375,155	6,265,194
Additions	23,947	173,865	177,754	3,260	27,586	261,155	667,567
Transfer	175,848	113,300	90,084	–	4,817	(384,049)	–
Disposal	–	(80,631)	(6,800)	(539)	(1,699)	–	(89,669)
Exchange alignment	14,366	20,471	1,126	39	89	3,030	39,121
As at December 31, 2025 and January 1, 2026	2,231,826	3,569,225	643,899	21,152	160,820	255,291	6,882,213
Additions	8,123	152,297	39,494	930	13,745	119,715	334,304
Transfer	64,437	25,360	–	–	–	(89,797)	–
Disposal	–	(12,078)	(2,367)	(500)	(1,022)	–	(15,967)
Exchange alignment	(6,906)	(8,717)	(3,039)	(24)	(181)	(1,021)	(19,888)
As at March 31, 2026	2,297,480	3,726,087	677,987	21,558	173,362	284,188	7,180,662

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	Building	Plant and machinery	Office equipment	Motor vehicle	Others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accumulated depreciation:							
As at January 1, 2023	338,718	925,550	51,958	10,806	39,273	–	1,366,305
Charge for the year	87,867	261,909	52,584	2,001	11,990	–	416,351
Disposal	–	(14,337)	(378)	(1,007)	(684)	–	(16,406)
Exchange alignment	123	100	35	14	5	–	277
As at December 31, 2023 and January 1, 2024	426,708	1,173,222	104,199	11,814	50,584	–	1,766,527
Charge for the year	107,647	287,387	89,530	2,062	15,019	–	501,645
Disposal	–	(31,624)	(2,810)	(535)	(1,044)	–	(36,013)
Exchange alignment	(305)	(380)	(43)	(19)	(6)	–	(753)
As at December 31, 2024 and January 1, 2025	534,050	1,428,605	190,876	13,322	64,553	–	2,231,406
Charge for the year	116,254	301,711	125,868	2,016	20,388	–	566,237
Disposal	–	(28,570)	(4,848)	(517)	(1,349)	–	(35,284)
Exchange alignment	942	1,354	156	25	21	–	2,498
As at December 31, 2025 and January 1, 2026	651,246	1,703,100	312,052	14,846	83,613	–	2,764,857
Charge for the period	28,072	80,919	37,142	562	5,448	–	152,143
Disposal	–	(9,502)	(1,936)	(475)	(971)	–	(12,884)
Exchange alignment	(535)	(1,304)	(247)	(19)	(28)	–	(2,133)
As at March 31, 2026	678,783	1,773,213	347,011	14,914	88,062	–	2,901,983
Net book value:							
As at December 31, 2023 . . .	<u>1,265,401</u>	<u>1,665,210</u>	<u>164,131</u>	<u>4,753</u>	<u>48,063</u>	<u>732,413</u>	<u>3,879,971</u>
As at December 31, 2024 . . .	<u>1,483,615</u>	<u>1,913,615</u>	<u>190,859</u>	<u>5,070</u>	<u>65,474</u>	<u>375,155</u>	<u>4,033,788</u>
As at December 31, 2025 . . .	<u>1,580,580</u>	<u>1,866,125</u>	<u>331,847</u>	<u>6,306</u>	<u>77,207</u>	<u>255,291</u>	<u>4,117,356</u>
As at March 31, 2026	<u>1,618,697</u>	<u>1,952,874</u>	<u>330,976</u>	<u>6,644</u>	<u>85,300</u>	<u>284,188</u>	<u>4,278,679</u>

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	<u>Building</u>	<u>Plant and machinery</u>	<u>Office equipment</u>	<u>Motor vehicle</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:							
As at January 1, 2023	1,107,708	2,126,336	116,289	14,280	65,939	504,317	3,934,869
Additions	32,644	297,304	126,453	2,416	19,132	215,183	693,132
Transfer	100,034	91,798	824	–	7,985	(200,641)	–
Disposal	–	(16,907)	(1,012)	(1,989)	(704)	–	(20,612)
As at December 31, 2023 and January 1, 2024	1,240,386	2,498,531	242,554	14,707	92,352	518,859	4,607,389
Additions	28,343	335,594	105,090	2,421	30,857	115,988	618,293
Transfer	301,391	–	–	–	–	(301,391)	–
Disposal	–	(38,342)	(4,132)	(561)	(1,090)	–	(44,125)
As at December 31, 2024 and January 1, 2025	1,570,120	2,795,783	343,512	16,567	122,119	333,456	5,181,557
Additions	19,853	144,817	150,523	3,260	24,850	177,592	520,895
Transfer	175,848	99,115	6,889	–	–	(281,852)	–
Disposal	–	(25,290)	(5,013)	(484)	(1,284)	–	(32,071)
As at December 31, 2025 and January 1, 2026	1,765,821	3,014,425	495,911	19,343	145,685	229,196	5,670,381
Additions	6,823	152,062	38,892	679	13,745	106,592	318,793
Transfer	64,242	23,713	–	–	–	(87,955)	–
Disposal	–	(8,328)	(2,343)	(500)	(1,022)	–	(12,193)
As at March 31, 2026	1,836,886	3,181,872	532,460	19,522	158,408	247,833	5,976,981

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	Building	Plant and machinery	Office equipment	Motor vehicle	Others	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accumulated depreciation:							
As at January 1, 2023	269,543	846,141	46,282	9,658	37,914	–	1,209,538
Charge for the year	67,405	230,453	46,859	1,752	11,289	–	357,758
Disposal	–	(14,260)	(378)	(921)	(684)	–	(16,243)
As at December 31, 2023 and							
January 1, 2024	336,948	1,062,334	92,763	10,489	48,519	–	1,551,053
Charge for the year	87,277	250,687	81,459	1,892	13,939	–	435,254
Disposal	–	(27,080)	(2,800)	(535)	(1,044)	–	(31,459)
As at December 31, 2024 and							
January 1, 2025	424,225	1,285,941	171,422	11,846	61,414	–	1,954,848
Charge for the year	95,299	249,869	107,938	1,895	18,421	–	473,422
Disposal	–	(20,076)	(3,631)	(465)	(1,184)	–	(25,356)
As at December 31, 2025 and							
January 1, 2026	519,524	1,515,734	275,729	13,276	78,651	–	2,402,914
Charge for the period	22,806	65,432	31,703	541	5,398	–	125,880
Disposal	–	(7,288)	(1,914)	(475)	(971)	–	(10,648)
As at March 31, 2026	542,330	1,573,878	305,518	13,342	83,078	–	2,518,146
Net book value:							
As at December 31, 2023 . . .	<u>903,438</u>	<u>1,436,197</u>	<u>149,791</u>	<u>4,218</u>	<u>43,833</u>	<u>518,859</u>	<u>3,056,336</u>
As at December 31, 2024 . . .	<u>1,145,895</u>	<u>1,509,842</u>	<u>172,090</u>	<u>4,721</u>	<u>60,705</u>	<u>333,456</u>	<u>3,226,709</u>
As at December 31, 2025 . . .	<u>1,246,297</u>	<u>1,498,691</u>	<u>220,182</u>	<u>6,067</u>	<u>67,034</u>	<u>229,196</u>	<u>3,267,467</u>
As at March 31, 2026	<u>1,294,556</u>	<u>1,607,994</u>	<u>226,942</u>	<u>6,180</u>	<u>75,330</u>	<u>247,833</u>	<u>3,458,835</u>

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17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:			
As at January 1, 2023	452,202	18,563	470,765
Additions	–	50,552	50,552
Write-off	–	(17,989)	(17,989)
Exchange alignment	2,699	–	2,699
As at December 31, 2023 and January 1, 2024	454,901	51,126	506,027
Additions	4,500	2,538	7,038
Disposal	(31,204)	–	(31,204)
Exchange alignment	(1,466)	–	(1,466)
As at December 31, 2024 and January 1, 2025	426,731	53,664	480,395
Additions	108,430	16,545	124,975
Disposal	–	(22,992)	(22,992)
Exchange alignment	3,466	–	3,466
As at December 31, 2025 and January 1, 2026	538,627	47,217	585,844
Additions	206	–	206
Exchange alignment	(1,682)	–	(1,682)
As at March 31, 2026	537,151	47,217	584,368

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ACCOUNTANTS’ REPORT

	Leasehold lands	Leased properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accumulated depreciation:			
As at January 1, 2023	58,776	14,466	73,242
Charge for the year	9,685	15,539	25,224
Write-off	–	(17,989)	(17,989)
Exchange alignment	142	–	142
As at December 31, 2023 and			
January 1, 2024	68,603	12,016	80,619
Charge for the year	9,592	14,673	24,265
Disposal	(2,220)	–	(2,220)
Exchange alignment	(115)	–	(115)
As at December 31, 2024 and			
January 1, 2025	75,860	26,689	102,549
Charge for the year	9,829	14,868	24,697
Disposal	–	(20,988)	(20,988)
Exchange alignment	306	–	306
As at December 31, 2025 and			
January 1, 2026	85,995	20,569	106,564
Charge for the period	2,843	3,515	6,358
Exchange alignment	(183)	–	(183)
As at March 31, 2026	88,655	24,084	112,739
Net book value:			
As at December 31, 2023	<u>386,298</u>	<u>39,110</u>	<u>425,408</u>
As at December 31, 2024	<u>350,871</u>	<u>26,975</u>	<u>377,846</u>
As at December 31, 2025	<u>452,632</u>	<u>26,648</u>	<u>479,280</u>
As at March 31, 2026	<u>448,496</u>	<u>23,133</u>	<u>471,629</u>

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Expenses relating to short term					
leases	20,771	5,162	5,252	964	853
Total cash outflows for leases . . .	38,676	18,444	20,418	6,875	5,049
Additions to right-of-use assets . .	50,552	7,038	124,975	–	206

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ACCOUNTANTS’ REPORT

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Company

	Leasehold lands	Leased properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:			
As at January 1, 2023	332,578	18,563	351,141
Additions	–	50,552	50,552
Write-off	–	(17,989)	(17,989)
As at December 31, 2023 and January 1, 2024	332,578	51,126	383,704
Additions	4,500	–	4,500
As at December 31, 2024 and January 1, 2025	337,078	51,126	388,204
Additions	108,430	16,545	124,975
Disposal	–	(22,992)	(22,992)
As at December 31, 2025 and January 1, 2026	445,508	44,679	490,187
Additions	206	–	206
As at March 31, 2026	445,714	44,679	490,393
Accumulated depreciation:			
As at January 1, 2023	47,558	14,466	62,024
Charge for the year	7,258	15,539	22,797
Write-off	–	(17,989)	(17,989)
As at December 31, 2023 and January 1, 2024	54,816	12,016	66,832
Charge for the year	7,794	14,547	22,341
As at December 31, 2024 and January 1, 2025	62,610	26,563	89,173
Charge for the year	7,977	13,331	21,308
Disposal	–	(20,988)	(20,988)
As at December 31, 2025 and January 1, 2026	70,587	18,906	89,493
Charge for the period	2,379	3,132	5,511
As at March 31, 2026	72,966	22,038	95,004

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ACCOUNTANTS’ REPORT

	Leasehold lands	Leased properties	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net book value:			
As at December 31, 2023	<u>277,762</u>	<u>39,110</u>	<u>316,872</u>
As at December 31, 2024	<u>274,468</u>	<u>24,563</u>	<u>299,031</u>
As at December 31, 2025	<u>374,921</u>	<u>25,773</u>	<u>400,694</u>
As at March 31, 2026	<u>372,748</u>	<u>22,641</u>	<u>395,389</u>

18. INTANGIBLE ASSETS

The Group

	Software	Non-patented technology	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost:			
As at January 1, 2023	96,348	28,100	124,448
Additions	40,825	660	41,485
Exchange alignment	<u>12</u>	<u>—</u>	<u>12</u>
As at December 31, 2023 and January 1, 2024	137,185	28,760	165,945
Additions	49,607	—	49,607
Exchange alignment	<u>(48)</u>	<u>—</u>	<u>(48)</u>
As at December 31, 2024 and January 1, 2025	186,744	28,760	215,504
Additions	35,380	4,500	39,880
Write-off (<i>note</i>)	(2,622)	—	(2,622)
Exchange alignment	<u>79</u>	<u>—</u>	<u>79</u>
As at December 31, 2025 and January 1, 2026	219,581	33,260	252,841
Additions	1,607	—	1,607
Exchange alignment	<u>(134)</u>	<u>—</u>	<u>(134)</u>
As at March 31, 2026	<u>221,054</u>	<u>33,260</u>	<u>254,314</u>

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ACCOUNTANTS’ REPORT

	Software	Non-patented technology	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Accumulated amortization:			
As at January 1, 2023	75,805	2,342	78,147
Charge for the year	14,838	2,854	17,692
Exchange alignment	9	—	9
	<hr/>	<hr/>	<hr/>
As at December 31, 2023 and			
January 1, 2024	90,652	5,196	95,848
Charge for the year	31,382	3,354	34,736
Exchange alignment	(41)	—	(41)
	<hr/>	<hr/>	<hr/>
As at December 31, 2024 and			
January 1, 2025	121,993	8,550	130,543
Charge for the year	40,341	3,448	43,789
Write-off (<i>note</i>)	(2,622)	—	(2,622)
Exchange alignment	32	—	32
	<hr/>	<hr/>	<hr/>
As at December 31, 2025 and			
January 1, 2026	159,744	11,998	171,742
Charge for the period	10,445	862	11,307
Exchange alignment	(42)	—	(42)
	<hr/>	<hr/>	<hr/>
As at March 31, 2026	170,147	12,860	183,007
	<hr/>	<hr/>	<hr/>
Net book value:			
As at December 31, 2023	46,533	23,564	70,097
	<hr/>	<hr/>	<hr/>
As at December 31, 2024	64,751	20,210	84,961
	<hr/>	<hr/>	<hr/>
As at December 31, 2025	59,837	21,262	81,099
	<hr/>	<hr/>	<hr/>
As at March 31, 2026	50,907	20,400	71,307
	<hr/>	<hr/>	<hr/>

note:

During the year ended December 31, 2025, software with cost amount of approximately RMB2,622,000 was written-off due to the software is no longer in use and has been replaced.

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ACCOUNTANTS’ REPORT

The Company

	Software	Non-patented technology	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:			
As at January 1, 2023	95,564	28,100	123,664
Additions	33,504	660	34,164
As at December 31, 2023 and January 1, 2024 . . .	129,068	28,760	157,828
Additions	49,560	–	49,560
As at December 31, 2024 and January 1, 2025 . . .	178,628	28,760	207,388
Additions	32,576	4,500	37,076
Write-off (<i>note</i>)	(2,622)	–	(2,622)
As at December 31, 2025 and January 1, 2026 . . .	208,582	33,260	241,842
Additions	1,607	–	1,607
As at March 31, 2026	210,189	33,260	243,449
Accumulated amortization:			
As at January 1, 2023	75,145	2,342	77,487
Charge for the year	13,731	2,854	16,585
As at December 31, 2023 and January 1, 2024 . . .	88,876	5,196	94,072
Charge for the year	28,981	3,354	32,335
As at December 31, 2024 and January 1, 2025 . . .	117,857	8,550	126,407
Charge for the year	37,649	3,448	41,097
Write-off (<i>note</i>)	(2,622)	–	(2,622)
As at December 31, 2025 and January 1, 2026 . . .	152,884	11,998	164,882
Charge for the period	9,703	862	10,565
As at March 31, 2026	162,587	12,860	175,447
Net book value:			
As at December 31, 2023	40,192	23,564	63,756
As at December 31, 2024	60,771	20,210	80,981
As at December 31, 2025	55,698	21,262	76,960
As at March 31, 2026	47,602	20,400	68,002

note:

During the year ended December 31, 2025, software with cost amount of approximately RMB2,622,000 was written-off due to the software is no longer in use and has been replaced.

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ACCOUNTANTS’ REPORT

19. INVENTORIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	542,600	470,115	493,722	529,058
Work in progress	244,769	176,164	144,804	184,329
Finished goods	1,458,038	1,982,973	1,936,506	1,604,583
	<u>2,245,407</u>	<u>2,629,252</u>	<u>2,575,032</u>	<u>2,317,970</u>

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	418,352	392,947	400,035	429,431
Work in progress	237,586	160,066	133,296	173,198
Finished goods	1,415,647	1,894,451	1,849,851	1,517,781
	<u>2,071,585</u>	<u>2,447,464</u>	<u>2,383,182</u>	<u>2,120,410</u>

20. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, gross	3,227,344	4,754,372	4,747,500	4,266,831
Less: allowance for credit losses	<u>(161,402)</u>	<u>(237,726)</u>	<u>(237,564)</u>	<u>(213,342)</u>
Trade receivables, net	<u>3,065,942</u>	<u>4,516,646</u>	<u>4,509,936</u>	<u>4,053,489</u>
Bills receivables, gross	1,353,040	1,592,683	2,640,119	2,947,394
Less: allowance for credit losses	<u>(20,846)</u>	<u>(396)</u>	<u>(441)</u>	<u>(433)</u>
Bills receivables, net	<u>1,332,194</u>	<u>1,592,287</u>	<u>2,639,678</u>	<u>2,946,961</u>
Trade and bills receivables . .	<u>4,398,136</u>	<u>6,108,933</u>	<u>7,149,614</u>	<u>7,000,450</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Trade receivables

As at January 1, 2023, the Group had trade receivables (net of allowance for credit losses) amounted to approximately RMB1,301,863,000.

The Group generally allows credit period ranging from 30 to 90 days after issuance of invoice. The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on the dates of acceptance of goods, which approximate the respective revenue recognition dates, at the end of each of the reporting period:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 30 days	1,018,348	1,493,058	1,772,731	2,042,124
31-60 days	1,056,592	1,676,273	1,662,542	830,831
61-90 days	802,347	1,001,865	822,856	627,441
91-365 days	188,027	345,425	248,496	530,024
Over 365 days	628	25	3,311	23,069
	<u>3,065,942</u>	<u>4,516,646</u>	<u>4,509,936</u>	<u>4,053,489</u>

The movements in the allowance for credit losses of trade receivables are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of				
year/period	73,634	161,402	237,726	237,564
ECL recognized/(reversed) . .	92,833	76,771	(524)	(24,036)
Written-off	(5,200)	(228)	(208)	(2)
Exchange alignment	135	(219)	570	(184)
	<u>161,402</u>	<u>237,726</u>	<u>237,564</u>	<u>213,342</u>

The Group applies the simplified approach in calculating ECL for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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ACCOUNTANTS’ REPORT

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	Current and past due within 1 year	Past due from 1 to 2 years	Past due from 2 to 3 years	Past due from 3 to 4 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023					
On a collective basis:					
ECL rate	5.0%	10.0%	N/A	N/A	5.0%
Gross carrying amount	3,226,647	697	–	–	3,227,344
ECL	161,332	70	–	–	161,402
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at December 31, 2024					
On a collective basis:					
ECL rate	5.0%	10.0%	30.0%	N/A	5.0%
Gross carrying amount	4,754,338	5	29	–	4,754,372
ECL	237,717	1	8	–	237,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at December 31, 2025					
On a collective basis:					
ECL rate	5.0%	10.0%	30.0%	50.0%	5.0%
Gross carrying amount	4,743,816	3,670	5	9	4,747,500
ECL	237,191	367	2	4	237,564
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at March 31, 2026					
On a collective basis:					
ECL rate	5.0%	10.0%	N/A	N/A	5.0%
Gross carrying amount	4,266,825	6	–	–	4,266,831
ECL	213,341	1	–	–	213,342
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There was no significant change in the ECL rates for the time band during the Track Record Period, mainly because no significant changes in the historical default rates of trade receivables, economic conditions and performance, solvency and behaviour of the debtors were noted, based on which the ECL rates are determined.

Bills receivables

As at January 1, 2023, the Group had bills receivables (net of allowance for credit losses) amounted to approximately RMB1,158,462,000.

An aging analysis of the Group’s bills receivables, based on recognition date and net of allowance for credit losses, at the end of each of the reporting period is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within 3 months	780,806	1,501,601	1,758,878	1,658,449
3 to 6 months	551,388	90,686	880,800	1,288,512
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,332,194	1,592,287	2,639,678	2,946,961
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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The movements in the allowance for credit losses of bills receivables are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year/period	15,424	20,846	396	441
ECL recognized/(reversed) . .	5,422	(20,450)	45	(8)
At the end of year/period . . .	<u>20,846</u>	<u>396</u>	<u>441</u>	<u>433</u>

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, gross	3,308,201	4,742,352	4,735,572	4,309,162
Less: allowance for credit losses	<u>(320,395)</u>	<u>(384,404)</u>	<u>(376,683)</u>	<u>(398,560)</u>
Trade receivables, net	<u>2,987,806</u>	<u>4,357,948</u>	<u>4,358,889</u>	<u>3,910,602</u>
Bills receivables, gross	1,519,040	1,742,683	2,740,119	3,047,394
Less: allowance for credit losses	<u>(20,846)</u>	<u>(396)</u>	<u>(441)</u>	<u>(433)</u>
Bills receivables, net	<u>1,498,194</u>	<u>1,742,287</u>	<u>2,739,678</u>	<u>3,046,961</u>
Trade and bills receivables . .	<u>4,486,000</u>	<u>6,100,235</u>	<u>7,098,567</u>	<u>6,957,563</u>

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ACCOUNTANTS’ REPORT

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at
	2023	2024	2025	March 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2026
				<i>RMB'000</i>
Non-current portion:				
Prepayments for property, plant and equipment and right-of-use assets	76,606	109,267	326,320	341,308
Current portion:				
Prepayments (<i>note</i>)	43,330	48,865	43,307	65,526
Other assets	9,114	12,482	2,331	1,904
Other tax recoverable	3,890	9,295	4,765	7,078
Deposits paid	4,791	1,983	7,925	7,818
Other receivables	653	2,707	118	2,046
	61,778	75,332	58,446	84,372
Less: allowance for credit losses	(1,880)	(2,514)	(3,284)	(3,524)
	59,898	72,818	55,162	80,848
	<u>136,504</u>	<u>182,085</u>	<u>381,482</u>	<u>422,156</u>

note: Prepayments mainly comprise prepaid electricity cost and prepaid and deferred [REDACTED] expenses.

At the end of each of the reporting period, the ECL of the financial assets included in deposits and other receivables were measured based on the 12-month ECL if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime ECL. An impairment analysis was performed at the end of each of the reporting period.

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The movement in the allowance for credit losses of deposits and other receivables are as follows:

	12-month ECL	Lifetime ECL (not credit- impaired)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	89	1,548	1,637
Transfer	(1)	1	–
ECL recognized	13	233	246
Written off	–	(4)	(4)
Exchange alignment	1	–	1
As at December 31, 2023 and January 1, 2024	102	1,778	1,880
Transfer	(15)	15	–
ECL (reversed)/recognized	(18)	654	636
Exchange alignment	(2)	–	(2)
As at December 31, 2024 and January 1, 2025	67	2,447	2,514
Transfer	(24)	24	–
ECL recognized	179	588	767
Exchange alignment	3	–	3
As at December 31, 2025 and January 1, 2026	225	3,059	3,284
ECL recognized	36	202	238
Exchange alignment	2	–	2
As at March 31, 2026	<u>263</u>	<u>3,261</u>	<u>3,524</u>

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The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Non-current portion:				
Prepayments for property, plant and equipment and right-of-use assets	51,394	79,778	322,156	329,934
Current portion:				
Prepayments	30,543	47,000	41,156	45,698
Other assets	8,735	12,393	2,232	1,888
Deposits paid	4,640	1,252	5,499	5,179
Other receivables	25,774	27,939	20,418	35,876
Other tax recoverable	—	28	—	—
	69,692	88,612	69,305	88,641
Less: allowance for credit losses	(20,517)	(21,772)	(18,395)	(29,561)
	49,175	66,840	50,910	59,080
	<u>100,569</u>	<u>146,618</u>	<u>373,066</u>	<u>389,014</u>

22. FINANCIAL ASSETS AT FVTOCI

The Group

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Equity instruments at fair value	335,844	353,556	656,374	621,058

The Group designated the investments shown in the table below as equity instruments that are measured at FVTOCI, as the Group intended to hold the equity instruments for a long term. These are strategic investments and the Group considers this classification to be more relevant. The details are as follows:

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	As at December 31,			As at
	2023	2024	2025	March 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2026</i>
Company A.	–	–	141,218	119,886
Company B.	–	–	114,301	84,141
Company C.	75,897	78,609	106,836	99,012
Company D.	100,000	100,000	100,000	100,000
Company E.	25,705	40,705	46,309	46,309
Company F.	30,000	30,000	30,000	30,000
Company G.	28,242	28,242	29,675	29,675
Company H.	20,000	20,000	27,025	27,025
Company I.	20,000	20,000	20,010	20,010
Company J.	20,000	20,000	20,000	50,000
Company K.	10,000	10,000	10,000	10,000
Company L.	6,000	6,000	6,000	–
Company M.	–	–	5,000	5,000
	<u>335,844</u>	<u>353,556</u>	<u>656,374</u>	<u>621,058</u>

The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2026</i>
Equity instruments at fair value	<u>259,947</u>	<u>274,947</u>	<u>294,018</u>	<u>318,018</u>

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23. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and wealth management products (<i>note (i)</i>)	1,156,956	1,122,399	1,444,626	1,726,947
Interest in a debt investment (<i>note (ii)</i>)	—	—	70,000	70,000
	<u>1,156,956</u>	<u>1,122,399</u>	<u>1,514,626</u>	<u>1,796,947</u>
Analysis of the amount into current and non-current portions:				
Current	1,156,956	1,122,399	1,444,626	1,726,947
Non-current	—	—	70,000	70,000
	<u>1,156,956</u>	<u>1,122,399</u>	<u>1,514,626</u>	<u>1,796,947</u>

notes:

- (i) During the reporting period, the Group entered into several contracts of structured deposits and wealth management products with reputable banks in the PRC, of which will be matured within 12 months.
- (ii) In November 2025, the Group entered into an agreement to invest in 2.88% interests of a limited partnership incorporated in the PRC with a total investment cost of RMB70,000,000.
- The interest in a debt investment is classified as non-current as the management expected to realise this financial asset after twelve months after each reporting period during the Track Record Period.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits and wealth management products	1,156,956	1,122,399	1,367,853	1,616,863
Interest in a debt investment .	—	—	70,000	70,000
	<u>1,156,956</u>	<u>1,122,399</u>	<u>1,437,853</u>	<u>1,686,863</u>
Analysis of the amount into current and non-current portions:				
Current	1,156,956	1,122,399	1,367,853	1,616,863
Non-current	—	—	70,000	70,000
	<u>1,156,956</u>	<u>1,122,399</u>	<u>1,437,853</u>	<u>1,686,863</u>

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24. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents . .	2,014,837	1,925,079	2,348,069	2,079,910
Restricted bank deposits . . .	89,825	98,500	25,280	29,474
	<u>2,104,662</u>	<u>2,023,579</u>	<u>2,373,349</u>	<u>2,109,384</u>

Cash and cash equivalents include cash at banks earns at floating rates based on daily bank deposits rates and short-term deposits for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates.

Included in the bank balances were amounts in RMB of approximately RMB1,903,230,000, RMB1,743,540,000, RMB2,103,800,000 and RMB1,907,757,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively, which are subjected to relevant rules and regulations of foreign exchange administration promulgated by the government of the PRC.

Details of impairment assessment of cash and cash equivalent and restricted bank deposits are set out in Note 39 to the Historical Financial Information.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents . .	1,865,528	1,752,502	2,053,162	1,850,394
Restricted bank deposits . . .	89,825	98,500	25,280	29,474
	<u>1,955,353</u>	<u>1,851,002</u>	<u>2,078,442</u>	<u>1,879,868</u>

25. TRADE AND BILLS PAYABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,954,545	2,691,143	3,095,133	2,506,487
Bills payables	1,984,992	2,448,206	3,162,912	3,454,218
	<u>3,939,537</u>	<u>5,139,349</u>	<u>6,258,045</u>	<u>5,960,705</u>

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The following is an aged analysis of trade and bills payables presented based on the recognition date, at the end of each of the reporting period:

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Within 30 days	1,789,936	1,189,508	1,613,912	2,361,923
31-60 days	641,596	1,596,660	1,807,925	910,318
61-90 days	412,888	796,286	981,275	891,660
91-365 days	1,075,071	1,554,575	1,842,853	1,796,142
Over 365 days	20,046	2,320	12,080	662
	<u>3,939,537</u>	<u>5,139,349</u>	<u>6,258,045</u>	<u>5,960,705</u>

The credit period on purchases of goods and services of the Group normally ranging from 30 days to 90 days after invoicing.

The Company

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Trade payables	1,926,282	2,614,787	2,980,797	2,456,112
Bills payables	1,950,596	2,395,865	3,066,774	3,350,599
	<u>3,876,878</u>	<u>5,010,652</u>	<u>6,047,571</u>	<u>5,806,711</u>

26. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,			As at
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
Accrued expenses	502,601	511,889	455,388	422,746
Accrued salaries	196,783	200,126	201,345	130,656
Other payables related to the acquisition of property, plant and equipment	119,873	96,112	124,465	180,401
Other tax payables	32,557	36,400	72,173	67,493
Other payables	9,486	7,861	2,626	2,259
Deposits received	1,638	2,160	2,156	2,154
	<u>862,938</u>	<u>854,548</u>	<u>858,153</u>	<u>805,709</u>

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	497,528	504,388	447,603	411,840
Accrued salaries	190,219	192,132	191,293	119,811
Other payables related to the acquisition of property, plant and equipment	97,787	94,858	117,983	170,118
Other tax payables	30,420	30,213	70,136	66,522
Other payables	3,739	2,219	2,566	2,194
Deposits received	1,600	2,108	2,100	2,100
	<u>821,293</u>	<u>825,918</u>	<u>831,681</u>	<u>772,585</u>

27. CONTRACT LIABILITIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Sales of lighting products . .	<u>7,465</u>	<u>3,381</u>	<u>36,580</u>	<u>4,028</u>

As at January 1, 2023, the Group had contract liabilities of approximately RMB16,746,000.

When the Group receives a deposit before production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognized on the relevant contract exceeds the amount of the deposit. The Group typically receives a deposit on acceptance of contract.

All of the contract liabilities at the beginning of the reporting period have been recognized as revenue during the respective financial reporting period as the Group will normally deliver the goods to satisfy the remaining performance obligations of the relevant contract liabilities within one year or less.

The Group classifies these contract liabilities as current because the Group expects them to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

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28. LEASE LIABILITIES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	12,972	16,789	13,083	12,106
Within a period of more than one year but not exceeding two years	14,213	7,235	9,293	8,776
Within a period of more than two years but not exceeding five years	10,137	3,615	5,011	2,507
	37,322	27,639	27,387	23,389
Less: amount due for settlement within 12 months shown under current liabilities	(12,972)	(16,789)	(13,083)	(12,106)
Amount due for settlement after 12 months shown under non-current liabilities	24,350	10,850	14,304	11,283

The weighted average incremental borrowing rates applied to lease liabilities range from 3.65% to 4.30%, 3.10% to 4.30%, 3.10% to 4.30% and 3.10% to 4.30% as at December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

29. PROVISIONS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Warranty provision:				
At the beginning of the year/period	50,383	59,249	72,495	101,739
Additional provision	61,648	135,398	161,068	33,061
Utilization of provision	(52,782)	(122,152)	(131,824)	(6,914)
At the end of the year/period	59,249	72,495	101,739	127,886

Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Warranty provision	58,580	71,973	100,216	123,451

30. DEFERRED INCOME

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Asset-related government grants	634,820	559,682	522,033	501,683

The movements of asset-related government grants are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	519,061	634,820	559,682	522,033
Government grants received	173,700	–	23,440	–
Income recognized	(63,317)	(72,217)	(67,995)	(16,999)
Exchange alignment	5,376	(2,921)	6,906	(3,351)
At the end of the year/period	634,820	559,682	522,033	501,683

The grants related to assets will be recognized in profit or loss over the expected useful life of the relevant asset by equal annual instalments upon the compliance with the conditions attached to the grants and the government’s acknowledgement of acceptance.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Asset-related government grants	532,718	462,199	419,143	402,518

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31. DEFERRED TAX
The Group
Deferred tax assets

	ECL	Write-down of inventories	Fair value change of FVTOCI	Provision	Tax losses	Accrued expenses	Deferred income from government grant	Unrealized profit on intra-group transactions	Share- based payment	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	13,853	5,477	-	7,635	17,406	3,574	65,824	3,910	-	625	118,304
Deferred tax credited/(charged) to profit or loss during the year	13,376	136	-	1,319	2,540	3,356	16,627	(729)	-	5,242	41,867
Exchange alignment	-	12	-	-	(38)	-	-	-	-	-	(26)
As at December 31, 2023 and January 1, 2024	27,229	5,625	-	8,954	19,908	6,930	82,451	3,181	-	5,867	160,145
Deferred tax credited/(charged) to profit or loss during the year	8,042	102	-	1,972	7,825	(1,151)	(11,002)	(989)	244	(2,263)	2,780
Deferred tax credited to share-based payment reserve	-	-	-	-	-	-	-	-	2	-	2
Exchange alignment	-	(1)	-	-	(145)	-	-	-	-	-	(146)
As at December 31, 2024 and January 1, 2025	35,271	5,726	-	10,926	27,588	5,779	71,449	2,192	246	3,604	162,781
Deferred tax credited/(charged) to profit or loss during the year	421	189	-	4,335	(10,111)	2,540	(6,833)	(478)	1,178	182	(8,577)
Exchange alignment	-	2	-	-	203	-	-	-	-	-	205
As at December 31, 2025 and January 1, 2026	35,692	5,917	-	15,261	17,680	8,319	64,616	1,714	1,424	3,786	154,409
Deferred tax (charged)/credited to profit or loss during the period	(3,543)	148	-	3,922	3,955	(928)	(2,588)	374	1,305	(470)	2,175
Deferred tax credited to other comprehensive income during the period	-	-	2,987	-	-	-	-	-	-	-	2,987
Exchange alignment	-	(1)	23	-	(103)	-	-	-	-	-	(81)
As at March 31, 2026	32,149	6,064	3,010	19,183	21,532	7,391	62,028	2,088	2,729	3,316	159,490

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Deferred tax liabilities

	Accelerated tax depreciation	Fair value change of FVTPL	Fair value change of FVTOCI	Right- of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	123,130	1,849	2,586	614	128,179
Deferred tax charged/(credited) to profit or loss during the year . .	29,513	(1,556)	–	4,984	32,941
Deferred tax charged to other comprehensive income during the year	–	–	1,606	–	1,606
As at December 31, 2023 and January 1, 2024	152,643	293	4,192	5,598	162,726
Deferred tax charged/(credited) to profit or loss during the year . .	16,946	67	–	(1,854)	15,159
Deferred tax charged to other comprehensive income during the year	–	–	173	–	173
As at December 31, 2024 and January 1, 2025	169,589	360	4,365	3,744	178,058
Deferred tax charged to profit or loss during the year	8,072	21	–	139	8,232
Deferred tax charged to other comprehensive income during the year	–	–	7,498	–	7,498
Exchange alignment	–	1	–	–	1
As at December 31, 2025 and January 1, 2026.	177,661	382	11,863	3,883	193,789
Deferred tax charged/(credited) to profit or loss during the period .	22,341	150	–	(538)	21,953
Deferred tax credited to other comprehensive income during the period	–	–	(5,642)	–	(5,642)
Exchange alignment	–	2	82	–	84
As at March 31, 2026	<u>200,002</u>	<u>534</u>	<u>6,303</u>	<u>3,345</u>	<u>210,184</u>

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

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognized in the consolidated statements of financial position	21,433	27,668	17,014	24,329
Net deferred tax liabilities recognized in the consolidated statements of financial position	(24,014)	(42,945)	(56,394)	(75,023)
	<u>(2,581)</u>	<u>(15,277)</u>	<u>(39,380)</u>	<u>(50,694)</u>

Temporary difference regarding to unrecognized deferred tax assets

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unused tax losses	38,938	38,931	38,172	34,656
Deductible temporary difference.	421,983	449,719	415,245	369,761
	<u>460,921</u>	<u>488,650</u>	<u>453,417</u>	<u>404,417</u>

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The Company

Deferred tax assets

	ECL	Write-down of inventories	Provision	Accrued expenses	Deferred income from government grant	Share- based payment	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	13,340	5,463	7,441	2,886	63,456	–	625	93,211
Deferred tax credited to profit or loss during the year	13,177	148	1,346	2,775	16,452	–	5,242	39,140
As at December 31, 2023 and January 1, 2024	26,517	5,611	8,787	5,661	79,908	–	5,867	132,351
Deferred tax credited/(charged) to profit or loss during the year . . .	7,924	102	2,009	(977)	(10,578)	244	(2,263)	(3,539)
Deferred tax credited to share-based payment reserve	–	–	–	–	–	2	–	2
As at December 31, 2024 and January 1, 2025	34,441	5,713	10,796	4,684	69,330	246	3,604	128,814
Deferred tax credited/(charged) to profit or loss during the year	513	191	4,465	2,173	(6,459)	1,178	182	2,243
As at December 31, 2025 and January 1, 2026	34,954	5,904	15,261	6,857	62,871	1,424	3,786	131,057
Deferred tax (charged)/ credited to profit or loss during the period	(3,466)	146	3,922	(1,172)	(2,493)	1,305	(470)	(2,228)
As at March 31, 2026	31,488	6,050	19,183	5,685	60,378	2,729	3,316	128,829

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Deferred tax liabilities

	Accelerated tax depreciation	Fair value change of FVTPL	Fair value change of FVTOCI	Right-of-use assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	116,645	1,849	2,586	614	121,694
Deferred tax charged/(credited) to profit or loss during the year	29,637	(1,556)	–	4,984	33,065
Deferred tax charged to other comprehensive income during the year . .	–	–	1,606	–	1,606
As at December 31, 2023 and January 1, 2024	146,282	293	4,192	5,598	156,365
Deferred tax charged/(credited) to profit or loss during the year	17,007	67	–	(1,854)	15,220
As at December 31, 2024 and January 1, 2025	163,289	360	4,192	3,744	171,585
Deferred tax charged/(credited) to profit or loss during the year	8,034	(54)	–	139	8,119
Deferred tax charged to other comprehensive income during the year . .	–	–	2,111	–	2,111
As at December 31, 2025 and January 1, 2026	171,323	306	6,303	3,883	181,815
Deferred tax charged/(credited) to profit or loss during the period	22,348	147	–	(538)	21,957
As at March 31, 2026	<u>193,671</u>	<u>453</u>	<u>6,303</u>	<u>3,345</u>	<u>203,772</u>

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

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax liabilities recognized in the statements of financial position	<u>(24,014)</u>	<u>(42,771)</u>	<u>(50,758)</u>	<u>(74,943)</u>

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32. SHARE CAPITAL

The Group and the Company

	Number of shares	Share capital
	’000	RMB’000
Issued and fully paid share capital:		
As at January 1, 2023, December 31, 2023,		
January 1, 2024, December 31, 2024,		
January 1, 2025, December 31, 2025,		
January 1, 2026 and March 31, 2026	285,679	285,679
	<u>285,679</u>	<u>285,679</u>

33. SHARE AWARDS

Restricted share stock schemes

The fair value of the awarded shares was calculated based on the market price of the Company’s shares at the respective grant date, which was to be expensed over the relevant vesting period.

The expected dividend and other features of the awarded shares during the vesting period had not been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended December 31, 2024 and 2025 were RMB61.00 and RMB60.17 per share respectively.

	Number of shares held for share award schemes	Number of unvested awarded shares	Total
	’000	’000	’000
As at January 1, 2023	–	–	–
Additions	1,911	–	1,911
	<u>1,911</u>	<u>–</u>	<u>1,911</u>
As a December 31, 2023 and January 1, 2024	1,911	–	1,911
Share award granted	(540)	540	–
	<u>1,371</u>	<u>540</u>	<u>1,911</u>
As at December 31, 2024 and January 1, 2025	1,371	540	1,911
Additions	1,302	–	1,302
Share award granted	(571)	571	–
Share award vested	–	(216)	(216)
	<u>2,102</u>	<u>895</u>	<u>2,997</u>
As at December 31, 2025 and January 1, 2026	2,102	895	2,997
Additions	886	–	886
	<u>2,988</u>	<u>895</u>	<u>3,883</u>
As at March 31, 2026	<u>2,988</u>	<u>895</u>	<u>3,883</u>

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The following is a summary of the principal terms of: (i) the 2024 Employee Stock Scheme approved by shareholders on December 2, 2024 (the “**2024 Employee Stock Scheme**”), and (ii) the 2025 Employee Stock Scheme approved by shareholders on November 20, 2025 (the “**2025 Employee Stock Scheme**”, together with the 2024 Stock Scheme collectively as the “**Employee Stock Schemes**”). The terms of each of the Employee Stock Schemes are substantially similar and are summarized below.

(i) Purpose

The purpose of the Employee Stock Schemes is to establish a community of shared future and career community among the Group, shareholders and key employees, which will enhance the interest sharing mechanism among the same, mobilizing and boosting the cohesion, initiative and creativity of team members. The Employee Stock Schemes will incentivize key employees to strive toward building the Company into an outstanding industry leader in the long term, continuously improving corporate governance, and promoting Company’s long-term, sustainable and healthy development.

(ii) Administration

The Employee Stock Schemes are executed by the board of directors of the Company (the “**Board**”) subject to the approval by the Shareholders’ meeting. The meeting of all participants (the “**Participants**”) shall have the full power to administer the Employee Stock Schemes. A management committee, the members of which are elected by the meetings of the Participants, is authorized to oversee the day-to-day management of the Employee Stock Scheme.

(iii) Participation

The Participants will consist of senior and middle-level management, technology experts and staff, and other core employees of the Group. The numbers of Participants under 2024 Employee Stock Scheme and the 2025 Employee Stock Scheme shall be no more than 63 and 68 respectively.

(iv) Source and Maximum Number of Shares

The Shares underlying the Employee Stock Schemes shall be A Shares repurchased by the Company from the open market and transferred to the Employee Stock Schemes. Each award granted represents the entitlement to the corresponding portion of A Shares underlying the Employee Stock Schemes (the “**Awards**”). These Awards are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated. The maximum number of Shares in respect of the Awards that can be granted under each of the Employee Stock Schemes are as follows:

Employee Stock Scheme	Maximum number of Shares granted under the Employee Stock Schemes	Number of Participants
2024 Employee Stock Scheme	540,000	No more than 63
2025 Employee Stock Scheme	571,200	No more than 68

(v) Date of Grant and Term of Schemes

The term of each Employee Stock Scheme shall be 72 months commencing from the date of the public announcement regarding the transfer of the last tranche of relevant A Shares into the stock account under the relevant Employee Stock Scheme (the “**Commencement Date**”). Should the Employee Stock Scheme not be extended upon its expiration, it will automatically terminate. On December 19, 2024 and December 24, 2025, we made announcements that all A shares relevant to the 2024 Employee Stock Scheme and the 2025 Employee Stock Scheme have

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been transferred to the stock account for the 2024 Employee Stock Scheme and the 2025 Employee Stock Scheme respectively.

Each of the Employee Stock Scheme will be automatically terminated if not extended upon the expiration of the 72 months. Either Employee Stock Scheme can be early terminated or extended before the expiration of its valid term subject to 2/3 approvals (inclusive) by the Participants attending the Participants’ meeting and the approval by the Board. The Employee Stock Schemes shall also be early cancelled if all of the A shares under either Employee Stock Schemes have been unlocked, sold and distributed.

(vi) Performance Targets and Lock-up

Subject to the comprehensive performance evaluation by the remuneration committee under the Board regarding the fulfillment and the performance of each Participant, covering the evaluation period from 2024 to 2026 under the 2024 Employee Stock Scheme and 2025 to 2027 under the 2025 Employee Stock Scheme respectively, the Awards held by the Participants shall be unlocked in three installments in the proportion of 40%, 30% and 30%, commencing from 12 months, 24 months and 36 months respectively after the Commencement Date under the corresponding Employee Stock Scheme. The unlocked Awards shall be distributed in combination of the following manners:

- sold by the management committee as authorized by the meetings of the Participants, with the proceeds to be distributed to the relevant Participants proportionately;
- Arrange non-transaction transfer of the relevant portion of the A shares underlying the unlocked granted Awards to the individual stock account of a Participant; or
- a combination of the above.

The Shares derived from the underlying A Shares obtained under the Employee Stock Schemes as a result of events such as the distribution of share dividends and capitalization of capital reserve by the Company shall also be subject to the above lock-up arrangement.

(vii) Grant Price

The participant shall pay the grant price at RMB72 per share under the 2024 Employee Stock Scheme and RMB68 per share under the 2025 Employee Stock Scheme.

(viii) Dividend and Participant’s Rights

Under this Employee Stock Schemes, Participants shall be entitled to the beneficial interest in the shares in proportion to their actual contribution, including but not limited to the right to dividends, right to share allocation, right to capital conversion, etc. The Awards shall not be transferred, pledged, mortgaged, used for debts repayment or any other similar disposals unless otherwise permitted by applicable laws and regulations or approved by the management committee.

Repurchase of shares

During the year ended December 31, 2023, the Company has repurchased 1,911,151 shares of the Company, with an aggregate amount of approximately RMB220,031,000. During the year ended December 31, 2024, the Company has not repurchased share of the Company. During the year ended December 31, 2025 and the three months ended March 31, 2026, the Company has repurchased 1,301,946 and 886,243 shares of the Company, with an aggregate amount of approximately RMB161,186,000 and RMB110,971,000, respectively.

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34. COMMITMENTS

The Group had the following capital commitments at the end of each of the reporting period:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	497,801	411,852	635,659	524,812

35. RETIREMENT BENEFITS SCHEME

Chinese mainland

Employees of the Company and its subsidiaries in the PRC are covered by the retirement and pension schemes defined by local practice and regulations. The Company and subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement and pension schemes. The calculation of contributions for PRC eligible staff is based on certain percentage of the applicable payroll costs. The only obligation of the Group in respect of the retirement benefits scheme is to make the specified contribution.

Outside Chinese mainland

The Group contributes on a monthly basis to various defined contribution plans organized by the relevant government authorities in various areas other than Chinese mainland. The Group’s liability in respect of these plans is limited to the contributions payable at the end of each of the reporting period. Contributions to these plans are expensed as incurred.

36. PLEDGE OF ASSETS

The following assets have been pledged to various banks for securing of the Group’s issuance of bank acceptance bills, letter of credit and letter of guarantee at the end of each of the reporting period were summarised below:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivables	329,567	319,670	554,653	554,653
Restricted bank deposits . . .	89,825	98,500	25,280	25,280
	419,392	418,170	579,933	579,933

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37. MATERIAL RELATED PARTY TRANSACTIONS

The Group

Transactions with related parties

During the reporting period, save as disclosed elsewhere in the Historical Financial Information, the Group had the following material related party transactions:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Rental income from Changzhou Xingyu Investment Management Co., Ltd.* (常州星宇投资管理有限公司) . .	9	9	9	2	2
Rental income from a company controlled by Ms. Zhou	9	9	9	2	2
Purchase of goods from a company significantly influenced by Ms. Zhou	124	141	17	–	17

Compensation of key management personnel of the Group

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Directors’ fees	540	540	540	135	135
Salaries, allowances and benefits in kind	6,277	6,327	7,300	1,596	1,460
Bonuses	975	1,306	1,531	260	226
Pension scheme contributions and social welfare	212	216	367	77	71
Share-based payment	–	204	3,856	646	1,128
	8,004	8,593	13,594	2,714	3,020

Further details of directors’ and supervisors’ emoluments are included in Note 13 to the Historical Financial Information.

The Company

Guarantee

For the business development needs of Xingyu Serbia, Xingyu Serbia has entered into the “Transfer Agreement for Construction Land of Public Property in the Republic of Serbia” with the Government of Niš, Serbia. The Government of Niš intends to transfer the immovable property (with cadastral parcel numbers 16156/7, 16156/11, 16153/70, 16154/63, and 16154/66, totaling 6,024.00 square meters) in Serbia to Xingyu Serbia. The Company provides a guarantee for Xingyu Serbia, with a guarantee period until December 31, 2030, and a guarantee amount of approximately Euro (“EUR”) 303,000.

* The official name of these entities in Chinese. The English is for identification purpose only.

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38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the reporting period.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, share premium, retained earnings and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	FVTOCI	FVTPL	Amortized cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2023				
<i>Financial assets</i>				
Trade and bills receivables . .	–	–	4,398,136	4,398,136
Deposits and other receivables	–	–	3,564	3,564
Financial assets at FVTOCI .	335,844	–	–	335,844
Financial assets at FVTPL . .	–	1,156,956	–	1,156,956
Cash and cash equivalents and restricted bank deposits	–	–	2,104,662	2,104,662
	<u>335,844</u>	<u>1,156,956</u>	<u>6,506,362</u>	<u>7,999,162</u>
<i>Financial liabilities</i>				
Trade and bills payables	–	–	3,939,537	3,939,537
Accruals and other payables .	–	–	830,381	830,381
Lease liabilities	–	–	37,322	37,322
	<u>–</u>	<u>–</u>	<u>4,807,240</u>	<u>4,807,240</u>

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	FVTOCI	FVTPL	Amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2024				
<i>Financial assets</i>				
Trade and bills receivables . .	–	–	6,108,933	6,108,933
Deposits and other receivables	–	–	2,176	2,176
Financial assets at FVTOCI .	353,556	–	–	353,556
Financial assets at FVTPL . .	–	1,122,399	–	1,122,399
Cash and cash equivalents and restricted bank deposits	–	–	2,023,579	2,023,579
	<u>353,556</u>	<u>1,122,399</u>	<u>8,134,688</u>	<u>9,610,643</u>
<i>Financial liabilities</i>				
Trade and bills payables	–	–	5,139,349	5,139,349
Accruals and other payables .	–	–	818,148	818,148
Lease liabilities	–	–	27,639	27,639
	<u>–</u>	<u>–</u>	<u>5,985,136</u>	<u>5,985,136</u>
	FVTOCI	FVTPL	Amortized cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2025				
<i>Financial assets</i>				
Trade and bills receivables . .	–	–	7,149,614	7,149,614
Deposits and other receivables	–	–	4,759	4,759
Financial assets at FVTOCI .	656,374	–	–	656,374
Financial assets at FVTPL . .	–	1,514,626	–	1,514,626
Cash and cash equivalents and restricted bank deposits	–	–	2,373,349	2,373,349
	<u>656,374</u>	<u>1,514,626</u>	<u>9,527,722</u>	<u>11,698,722</u>
<i>Financial liabilities</i>				
Trade and bills payables	–	–	6,258,045	6,258,045
Accruals and other payables .	–	–	785,980	785,980
Lease liabilities	–	–	27,387	27,387
	<u>–</u>	<u>–</u>	<u>7,071,412</u>	<u>7,071,412</u>

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	FVTOCI	FVTPL	Amortized cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at March 31, 2026				
<i>Financial assets</i>				
Trade and bills receivables . .	–	–	7,000,450	7,000,450
Deposits and other receivables	–	–	6,340	6,340
Financial assets at FVTOCI .	621,058	–	–	621,058
Financial assets at FVTPL . .	–	1,796,947	–	1,796,947
Cash and cash equivalents and restricted bank deposits	–	–	2,109,384	2,109,384
	<u>621,058</u>	<u>1,796,947</u>	<u>9,116,174</u>	<u>11,534,179</u>
<i>Financial liabilities</i>				
Trade and bills payables	–	–	5,960,705	5,960,705
Accruals and other payables .	–	–	738,216	738,216
Lease liabilities	–	–	23,389	23,389
	<u>–</u>	<u>–</u>	<u>6,722,310</u>	<u>6,722,310</u>

Financial risk management objectives and policies

The Group’s major financial instruments include trade and bills receivables, deposits and other receivables, financial assets at FVTOCI, financial assets at FVTPL, cash and cash equivalents and restricted bank deposits, trade and bills payables, accruals and other payables and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Currency risk

The Group is mainly exposed to foreign exchange risk arising from future commercial transactions, and from recognized assets and liabilities. The functional currency of the Company and its major subsidiaries in the PRC is RMB in which most of the transactions are denominated. The functional currencies of subsidiary operating in the Serbia is RSD in which most of their transactions are denominated. The Group is mainly exposed to foreign exchange risk in respect of exchange fluctuations of RMB against RSD. The Group does not have foreign currency hedging policy in respect of foreign currency assets and liabilities during the reporting period. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group did not have any significant financial assets or financial liabilities that are denominated in a currency other than their functional currency during the reporting period. Therefore, the management does not expect that there will be any significant currency risk.

No sensitivity analysis on currency risk is presented as management consider the sensitivity on currency risk is insignificant.

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Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate financial assets at FVTPL and bank balance. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

No sensitivity analysis on interest rate risk on financial assets at FVTPL and bank balance is presented as management consider the sensitivity on interest rate risk on financial assets at FVTPL and bank balance is insignificant.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. For equity securities measured at FVTOCI quoted in the Stock Exchange, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unquoted equity securities for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. The directors of the Company manage this risk exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise if necessary.

As at December 31, 2023, 2024 and 2025 and March 31, 2026, if equity prices had increased/decreased by 10% and all other variables were held constant, post-tax other comprehensive income for the year would increase/decrease by approximately RMB28,433,000, RMB29,934,000, RMB42,856,000 and RMB42,440,000 respectively and the equity other than investment revaluation reserve would remain unchanged.

The sensitivity analysis has been determined by assuming that the price change had occurred at the reporting date and has been applied to the Group’s investments at that date. In the management’s opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade and bills receivables, deposits and other receivables, cash and cash equivalents and restricted bank deposits. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group’s credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarized as below:

Trade and bills receivables

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 based on individually assessment for significant balances and on provision matrix for the remaining.

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The Group’s concentration of credit risk on trade receivables by geographical locations is mainly in the PRC. As at December 31, 2023, 2024 and 2025 and March 31, 2026, the Group has concentration of credit risk as 34.0%, 36.3%, 22.1% and 18.7% of the gross trade receivables was due from the Group’s largest debtor respectively and 69.3%, 76.4%, 61.5% and 61.1% of the gross trade receivables was due from the Group’s five largest debtors respectively. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL. For the reporting period, the Group assessed the ECL for deposits and other receivables in accordance with the note below.

Cash and cash equivalents and restricted bank deposits

Credit risk on cash and cash equivalents and restricted bank deposits is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12-month ECL for cash and cash equivalents and restricted bank deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on cash and cash equivalents and restricted bank deposits is considered to be insignificant and therefore no loss allowance was recognized.

The tables below detail the credit risk exposures of the Group’s financial assets, which are subject to ECL assessment:

	Notes	12-month or lifetime ECL	As at December 31,			As at March 31,
			2023	2024	2025	2026
			RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	20	Lifetime ECL (provision matrix)	4,580,384	6,347,055	7,387,619	7,214,225
Deposits and other receivables	21 & note	12-month ECL	2,046	1,333	4,491	3,979
		Lifetime ECL	3,398	3,357	3,552	5,885
Cash and cash equivalents	24	12-month ECL	2,014,837	1,925,079	2,348,069	2,084,104
Restricted bank deposits	24	12-month ECL	89,825	98,500	25,280	25,280
			<u> </u>	<u> </u>	<u> </u>	<u> </u>

note:

For the purpose of internal credit risk management, the Group uses past due information to assess the credit risk of counterparties.

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Deposits and other receivables

	12-month ECL	Lifetime ECL (not credit-impaired)	Total
	RMB’000	RMB’000	RMB’000
As at December 31, 2023			
ECL rate	5.0%	52.3%	34.5%
Gross carrying amount	2,046	3,398	5,444
ECL	102	1,778	1,880
	<u> </u>	<u> </u>	<u> </u>
As at December 31, 2024			
ECL rate	5.0%	72.9%	53.6%
Gross carrying amount	1,333	3,357	4,690
ECL	67	2,447	2,514
	<u> </u>	<u> </u>	<u> </u>
As at December 31, 2025			
ECL rate	5.0%	86.1%	40.8%
Gross carrying amount	4,491	3,552	8,043
ECL	225	3,059	3,284
	<u> </u>	<u> </u>	<u> </u>
As at March 31, 2026			
ECL rate	5.0%	70.8%	35.7%
Gross carrying amount	5,260	3,261	9,864
ECL	263	4,604	3,524
	<u> </u>	<u> </u>	<u> </u>

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average interest rate	On demand or within 1 year	More than 1 year but less than 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023						
Non-derivative financial liabilities						
Trade and bills payables		3,939,537	–	–	3,939,537	3,939,537
Accruals and other payables		830,381	–	–	830,381	830,381
Lease liabilities	4.02%	12,972	26,202	–	39,174	37,322
		<u>4,782,890</u>	<u>26,202</u>	<u>–</u>	<u>4,809,092</u>	<u>4,807,240</u>

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	Weighted average interest rate	On demand or within 1 year <i>RMB'000</i>	More than 1 year but less than 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Total carrying amount <i>RMB'000</i>
As at December 31, 2024						
Non-derivative financial liabilities						
Trade and bills payables		5,139,349	–	–	5,139,349	5,139,349
Accruals and other payables		818,148	–	–	818,148	818,148
Lease liabilities	4.02%	16,857	11,763	–	28,620	27,639
		<u>5,974,354</u>	<u>11,763</u>	<u>–</u>	<u>5,986,117</u>	<u>5,985,136</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at December 31, 2025						
Non-derivative financial liabilities						
Trade and bills payables		6,258,045	–	–	6,258,045	6,258,045
Accruals and other payables		785,980	–	–	785,980	785,980
Lease liabilities	3.77%	13,739	14,609	–	28,348	27,387
		<u>7,057,764</u>	<u>14,609</u>	<u>–</u>	<u>7,072,373</u>	<u>7,071,412</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at March 31, 2026						
Non-derivative financial liabilities						
Trade and bills payables		5,960,705	–	–	5,960,705	5,960,705
Accruals and other payables		738,216	–	–	738,216	738,216
Lease liabilities	3.05%	13,013	12,060	–	25,073	23,389
		<u>6,711,934</u>	<u>12,060</u>	<u>–</u>	<u>6,723,994</u>	<u>6,722,310</u>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>

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40. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period, categorized into the three-level fair value hierarchy as defined in IFRS 13 “Fair Value Measurement”. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses its own internal expertise or engages third party qualified valuers to perform the valuation. Valuation is prepared at each interim and annual reporting date, and is reviewed and approved by the management.

Fair value of financial instruments measured at fair value

The following table presents financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position according to the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at December 31, 2023				
Financial assets at FVTOCI				
– Unlisted equity securities (note (ii))	–	–	335,844	335,844
Financial assets at FVTPL				
– Structured deposits and wealth management products (note (iii)) . .	–	–	1,156,956	1,156,956
	–	–	1,492,800	1,492,800
As at December 31, 2024				
Financial assets at FVTOCI				
– Listed equity securities (note (i))	78,610	–	–	78,610
– Unlisted equity securities (note (ii))	–	–	274,946	274,946
Financial assets at FVTPL				
– Structured deposits and wealth management products (note (iii)) . .	–	–	1,122,399	1,122,399
	78,610	–	1,397,345	1,475,955

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at December 31, 2025				
Financial assets at FVTOCI				
– Listed equity securities (note (i))	362,355	–	–	362,355
– Unlisted equity securities (note (ii))	–	–	294,019	294,019
Financial assets at FVTPL				
– Structured deposits and wealth management products (note (iii)) . .	–	–	1,444,626	1,444,626
– Interest in a debt investment (note (iv)) .	–	–	70,000	70,000
	<u>362,355</u>	<u>–</u>	<u>1,808,645</u>	<u>2,171,000</u>
As at March 31, 2026				
Financial assets at FVTOCI				
– Listed equity securities (note (i))	303,039	–	–	303,039
– Unlisted equity securities (note (ii))	–	–	318,019	318,019
Financial assets at FVTPL				
– Structured deposits and wealth management products (note (iii)) . .	–	–	1,726,947	1,726,947
– Interest in a debt investment (note (iv)) .	–	–	70,000	70,000
	<u>303,039</u>	<u>–</u>	<u>2,114,966</u>	<u>2,418,005</u>

There was transfer of Level 3 to Level 1 of approximately RMB83,579,000 during the year ended December 31, 2024. The transfer is attributable to successful of initial public offering of certain equity securities during the year. Except for the above, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the reporting period. The Group’s policy is to recognize transfers between levels of fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

notes:

- (i) The fair value of the listed equity securities has been determined by reference to their quoted transaction prices in active market at the end of each of the reporting period.
- (ii) The fair value of the unlisted equity securities of approximately RMB335,844,000, RMB274,946,000, RMB294,019,000 and RMB318,019,000 as at December 31, 2023, 2024 and 2025 and March 31, 2026 respectively has been determined with reference to the recent transaction price respectively, such as recent fund-raising transactions undertaken by the investees.

The unobservable input is subscription price of latest round of financing of equity interests. The higher the price of latest round of financing of equity interests, the higher the fair value. If the respective unobservable inputs of financial assets held by the Group had been 10% higher or lower, the pre-tax other comprehensive income for the year ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026 would have been approximately RMB33,584,000, RMB27,495,000, RMB29,402,000 and RMB31,802,000 higher/lower respectively.

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- (iii) Fair value of the methodology of structured deposits and wealth management products has been determined by discounted cash flow method using the expected return based on unobservable market inputs.

Future cash flows are estimated using the expected rate of return, which serves as the significant unobservable input ranging from 2.50%, 2.00% to 2.50%, 1.50% to 1.70% and 1.30% to 2.00% as at December 31, 2023, 2024 and 2025 and March 31, 2026 respectively. The higher the expected return rate, the higher the fair value. If the respective unobservable inputs of financial assets held by the Group had been 10% higher or lower, the profit before income tax for the year ended December 31, 2023, 2024 and 2025 and three months ended March 31, 2026 would have been approximately RMB219,000, RMB254,000, RMB215,000 and RMB305,000 higher/lower respectively.

- (iv) The fair value of the unlisted debt investment of approximately RMB70,000,000 and RMB70,000,000 as at December 31, 2025 and March 31, 2026 respectively has been determined with reference to the recent transaction price, such as recent fund-raising transactions undertaken by the investee.

The unobservable input is subscription price of latest round of financing of the debt investment. The higher the price of latest round of financing of the debt investment, the higher the fair value. If the respective unobservable inputs of financial assets held by the Group had been 10% higher or lower, the profit before income tax for the year ended December 31, 2025 and three months ended March 31, 2026 would have been approximately RMB7,000,000 and RMB7,000,000 higher/lower respectively.

- (iv) The movement of the financial instruments measured at fair value based on significant unobservable inputs (i.e. Level 3) is as follows:

	Financial assets at FVTOCI	Financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2023	264,055	2,623,326	2,887,381
Purchases	60,000	6,459,270	6,519,270
Fair value change	10,705	56,388	67,093
Disposal	—	(7,982,028)	(7,982,028)
Exchange alignment	1,084	—	1,084
As at December 31, 2023 and January 1, 2024 . . .	335,844	1,156,956	1,492,800
Purchases	15,000	5,357,331	5,372,331
Fair value change	7,683	46,428	54,111
Disposal	—	(5,438,316)	(5,438,316)
Transfer to Level 1	(83,581)	—	(83,581)
As at December 31, 2024 and January 1, 2025 . . .	274,946	1,122,399	1,397,345
Purchases	5,000	7,211,229	7,216,229
Fair value change	14,073	42,499	56,572
Disposal	—	(6,861,501)	(6,861,501)
As at December 31, 2025 and January 1, 2026 . . .	294,019	1,514,626	1,808,645
Purchases	30,000	273,993	303,993
Fair value change	—	8,328	8,328
Disposal	(6,000)	—	(6,000)
As at March 31, 2026	318,019	1,796,947	2,114,966

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41. MAJOR NON-CASH TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following major non-cash transactions during the reporting period:

For the year ended December 31, 2023

During the year ended 31 December, 2023, the Group entered into new lease agreements for the use of leased properties. On the lease commencement, the Group recognized approximately RMB50,552,000 of right-of-use assets and approximately RMB50,552,000 of lease liabilities for the year ended December 31, 2023.

For the year ended December 31, 2024

During the year ended 31 December, 2024, the Group entered into new lease agreements for the use of leased properties. On the lease commencement, the Group recognized approximately RMB2,538,000 of right-of-use assets and approximately RMB2,538,000 of lease liabilities for the year ended December 31, 2024.

For the year ended December 31, 2025

During the year ended 31 December, 2025, the Group entered into new lease agreements for the use of leased properties. On the lease commencement, the Group recognized approximately RMB16,545,000 of right-of-use assets and approximately RMB16,545,000 of lease liabilities for the year ended December 31, 2025.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<u>Lease liabilities</u>
	<i>RMB'000</i>
As at January 1, 2023	3,578
Changes from financing cash flows	
– Repayments of lease liabilities	(17,905)
Non-cash changes	
– Increase in lease liabilities from entering into new leases during the year	50,552
– Interest on lease liabilities (<i>Note 10</i>)	1,097
	<u>51,649</u>
As at December 31, 2023 and January 1, 2024	37,322
Changes from financing cash flows	
– Repayments of lease liabilities	(13,282)
Non-cash changes	
– Increase in lease liabilities from entering into new leases during the year	2,538
– Interest on lease liabilities (<i>Note 10</i>)	1,061
	<u>3,599</u>

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	<u>Lease liabilities</u>
	<i>RMB’000</i>
As at December 31, 2024 and January 1, 2025	27,639
Changes from financing cash flows	
– Repayments of lease liabilities	(15,166)
Non-cash changes	
– Increase in lease liabilities from entering into new leases during the year	16,545
– Interest on lease liabilities (<i>Note 10</i>)	639
– Early termination of leases	(2,270)
	<u>14,914</u>
As at December 31, 2025 and January 1, 2026	27,387
Changes from financing cash flows	
– Repayments of lease liabilities	(4,196)
Non-cash changes	
– Interest on lease liabilities (<i>Note 10</i>)	198
As at March 31, 2026	<u>23,389</u>
As at December 31, 2024 and January 1, 2025	27,639
Changes from financing cash flows	
– Repayments of lease liabilities	(5,912)
Non-cash changes	
– Interest on lease liabilities (<i>Note 10</i>)	154
As at March 31, 2025 (unaudited)	<u>21,881</u>

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43. PARTICULAR OF PRINCIPAL SUBSIDIARIES

The Group

Name of subsidiary	Place of incorporation/ Establishment	Issued and fully paid share capital	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026	Principal activities	note
Directly hold								
Changzhou Xinghang Import and Export Trading Co., Ltd.* (常州星航进出口貿易有限公司)	PRC	RMB1,000,000	100%	100%	100%	100%	Import and export of goods	iii
Jilin Xingyu Automotive Lighting Systems Co., Ltd* (吉林省星宇車燈有限公司)	PRC	RMB185,000,000	100%	100%	100%	100%	Manufacturing and sales of automotive lighting products	iii
Shanghai Xingyu Zhixing Technology Co., Ltd* (上海星宇智行技術有限公司)	PRC	RMB20,000,000	100%	100%	100%	100%	Research and development	iii
Xingyu Automotive Japan Co., Ltd [^] (星宇車燈日本株式會社)	Japan	Japanese Yen 91,020,000	100%	100%	100%	100%	Research and development	iii
Xingyu Automotive Lighting Systems d.o.o. Niš	Republic of Serbia	RSD4,210,368,871.30	100%	100%	100%	100%	Manufacturing and sales of automotive lighting products	i
Xingyu Automotive Lighting Systems Europe GmbH	the Federal Republic of Germany	EUR100,000	100%	100%	100%	100%	Research and development and sales of automotive lighting products	iii
Xingyu Automotive Lighting (Hong Kong) Co., Ltd	Hong Kong	HK\$62,800,000	100%	100%	100%	100%	Investment	iii
Xingyu Foshan Automotive Lighting Co., Ltd.* (佛山星宇車燈有限公司)	PRC	RMB195,000,000	100%	100%	100%	100%	Research and development, manufacturing and sales of automotive lighting products	ii
Changzhou Xingyu Intelligent Robot Co., Ltd.* (常州星宇智能機器人有限公司)	PRC	RMB100,000,000	-	-	100%	70%	Research and development, manufacturing and sales of intelligent robot	iii

* The official name of these entities in Chinese. The English is for identification purpose only.

[^] The official name of these entities in Japanese. The English is for identification purpose only.

notes:

- (i) The statutory financial statements of this subsidiary for the years ended December 31, 2023 and 2024 was audited by Premium Audit d.o.o and FinExpertiza d.o.o. Belgrade respectively.
- (ii) The statutory financial statements of this subsidiary for the years ended December 31, 2023, 2024 and 2025 was audited by Talent Certified Public Accountants* (天衡會計師事務所 (特殊普通合伙)).
- (iii) No audited financial statements were prepared for these entities during the reporting period.

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The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Interests in subsidiaries	294,448	314,400	440,463	409,156
Amounts due from subsidiaries Included in:				
– trade and bills receivables	59,702	49,306	49,615	58,554
– prepayments, deposits and other receivables	6,710	6,047	5,136	7,978
	<u>66,412</u>	<u>55,353</u>	<u>54,751</u>	<u>66,532</u>
Amounts due to subsidiaries Included in:				
– trade and bills payables	10,588	29,348	248,568	294,559
– accruals and other payables	–	128	20,379	34,979
	<u>10,588</u>	<u>29,476</u>	<u>268,947</u>	<u>329,538</u>

44. RESERVES

(a) Nature and purpose of reserves

Capital reserve

The capital reserve of the Group represents the differences between the net considerations received and the nominal amount of share capital issued by the Company.

Shares held for share award scheme

The shares held for share award scheme represent the cost of the Company’s own shares purchased from the market under the share award scheme, which are deducted from shareholders’ equity until vested and transferred to employees.

Contribution reserve

The contribution reserve represents the consideration paid by the employees to the Company for enrolling in the share award scheme.

Share-based payment reserve

The share-based payment reserve is for recognizing the grant date fair value of share issued to employees of the Group under the share-based incentive scheme which are not yet vested or exercised in accordance with the accounting policy adopted for equity-settled share-based payments.

Investment revaluation reserve

The investment revaluation reserve comprises all cumulative fair value changes arising from equity instruments measured at FVTOCI, which are recognized in other comprehensive income and transferred directly to retained earnings on disposal without recycling to profit or loss.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial information of operations with functional currency other than RMB.

Statutory reserve

Pursuant to the Articles of Association of the Group’s PRC companies and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilized in setting off accumulated losses or increasing capital of the PRC companies provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

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(b) Movements in components of equity
Year ended December 31, 2023

	Attributable to equity holders of the Company								
	Share capital	Capital reserve	Shares held for share award scheme	Contribution reserve	Share-based payment reserve	Investment revaluation reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	285,679	4,176,293	–	–	–	14,655	179,346	3,175,045	7,831,018
Profit for the year	–	–	–	–	–	–	–	1,021,720	1,021,720
Other comprehensive income for the year									
– Change in fair value of investments in equity instruments at FVTOCI	–	–	–	–	–	9,099	–	–	9,099
Total comprehensive income for the year	–	–	–	–	–	9,099	–	1,021,720	1,030,819
Repurchase of shares	–	–	(220,031)	–	–	–	–	–	(220,031)
Dividend declared	–	–	–	–	–	–	–	(312,437)	(312,437)
As at December 31, 2023	285,679	4,176,293	(220,031)	–	–	23,754	179,346	3,884,328	8,329,369

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Year ended December 31, 2025

	Attributable to equity holders of the Company								
	Share capital	Capital reserve	Shares held for share award scheme	Contribution reserve	Share-based payment reserve	Investment revaluation reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	285,679	4,176,293	(220,031)	38,880	1,628	23,754	179,346	4,868,638	9,354,187
Profit for the year	–	–	–	–	–	–	–	1,412,717	1,412,717
Other comprehensive income									
– Change in fair value of investment in equity instruments at FVTOCI	–	–	–	–	–	11,961	–	–	11,961
Total comprehensive income for the year	–	–	–	–	–	11,961	–	1,412,717	1,424,678
Repurchase of shares	–	–	(161,186)	–	–	–	–	–	(161,186)
Grant of shares under share award scheme	–	–	–	38,842	–	–	–	–	38,842
Share-based payment	–	–	–	–	22,605	–	–	–	22,605
Share vested under share award scheme	–	3,858	24,867	(15,552)	(13,173)	–	–	–	–
Dividend declared	–	–	–	–	–	–	–	(426,462)	(426,462)
As at December 31, 2025	285,679	4,180,151	(356,350)	62,170	11,060	35,715	179,346	5,854,893	10,252,664

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Three months ended March 31, 2026

	Attributable to equity holders of the Company								
	Share capital	Capital reserve	Shares held for share award scheme	Contribution reserve	Share-based payment reserve	Investment revaluation reserve	Statutory reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2026	285,679	4,180,151	(356,350)	62,170	11,060	35,715	179,346	5,854,893	10,252,664
Profit for the period	-	-	-	-	-	-	-	287,847	287,847
Total comprehensive income									
for the period	-	-	-	-	-	-	-	287,847	287,847
Repurchase of shares	-	-	(110,971)	-	-	-	-	-	(110,971)
Share-based payment	-	-	-	-	8,766	-	-	-	8,766
As at March 31, 2026	285,679	4,180,151	(467,321)	62,170	19,826	35,715	179,346	6,142,740	10,438,306

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45. EVENTS AFTER REPORTING PERIOD

On April 10, 2026, the Company declared dividends of RMB18 per 10 shares. The dividends were paid in May 2026 in aggregate of approximately of RMB508,837,000.

In April 2026, the Company has repurchased 4,000 shares of the Company, with an aggregate amount of approximately RMB477,000.

In June 2026, the Company granted 799,975 shares to not more than 70 staff under 2026 Employee Stock Scheme and, with the fulfillment of vesting conditions, proposed to be vested.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to March 31, 2026.