

## APPENDIX I

## ACCOUNTANTS’ REPORT

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

*[To insert the firm’s letterhead with official address upon final stage]*

### **ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AUX ELECTRIC CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**

#### **Introduction**

We report on the historical financial information of Aux Electric Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [●] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and March 31, 2025 and the statements of financial position of the Company as at December 31, 2024 and March 31, 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of the 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 (“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.

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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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

### Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group as at December 31, 2022, 2023 and 2024 and March 31, 2025 and the Company as at December 31, 2024 and March 31, 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

### Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months ended March 31, 2024, and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim 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 Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

#### ***Adjustments***

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

#### ***Dividends***

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by a subsidiary of the Company to its then shareholders in respect of the Relevant Periods.

#### ***No historical financial statements for the Company***

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]

*Certified Public Accountants*

Hong Kong

[Date]

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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 financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing 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 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

|  | <i>Notes</i> | Year ended December 31, |                  |                  | Three months ended March 31, |                |
|--|--------------|-------------------------|------------------|------------------|------------------------------|----------------|
|  |              | 2022                    | 2023             | 2024             | 2024                         | 2025           |
|  |              | <i>RMB'000</i>          | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>               | <i>RMB'000</i> |
|  |              |                         |                  |                  | <i>(unaudited)</i>           |                |
| REVENUE . . . . .  | 5            | 19,527,585              | 24,831,833       | 29,759,319       | 7,362,572                    | 9,352,397      |
| Cost of sales. . . . .   |              | (15,377,689)            | (19,409,654)     | (23,518,994)     | (5,785,050)                  | (7,376,697)    |
| Gross profit . . . . .   |              | 4,149,896               | 5,422,179        | 6,240,325        | 1,577,522                    | 1,975,700      |
| Other income and gains . . .   | 5            | 321,657                 | 465,572          | 616,263          | 101,623                      | 124,222        |
| Selling and distribution expenses . . . . .  |              | (785,288)               | (1,019,264)      | (1,276,678)      | (263,936)                    | (363,619)      |
| Administrative expenses . . .  |              | (741,182)               | (949,135)        | (1,025,375)      | (221,844)                    | (269,329)      |
| Research and development expenses . . . . .  |              | (397,563)               | (566,630)        | (710,035)        | (123,509)                    | (128,335)      |
| Impairment (loss)/gain on financial assets, net. . . . .                                     |              | (13,075)                | 2,965            | (43,233)         | (65,920)                     | (67,872)       |
| Other expenses . . . . .   | 7            | (604,106)               | (151,804)        | (207,074)        | (31,412)                     | (44,577)       |
| Finance costs . . . . .  | 8            | (96,032)                | (61,483)         | (45,146)         | (12,868)                     | (17,458)       |
| PROFIT BEFORE TAX . . .  | 6            | 1,834,307               | 3,142,400        | 3,549,047        | 959,656                      | 1,208,732      |
| Income tax expense . . . . .   | 11           | (392,569)               | (655,606)        | (638,876)        | (208,061)                    | (284,184)      |
| PROFIT FOR THE YEAR/PERIOD . . . . .   |              | <u>1,441,738</u>        | <u>2,486,794</u> | <u>2,910,171</u> | <u>751,595</u>               | <u>924,548</u> |
| <b>OTHER COMPREHENSIVE INCOME</b>  |              |                         |                  |                  |                              |                |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: |              |                         |                  |                  |                              |                |
| Receivables at fair value through other comprehensive income:                                |              |                         |                  |                  |                              |                |
| Changes in fair value . . .  |              | (1,023)                 | (6,931)          | (1,274)          | (2,377)                      | (12,996)       |
| Reclassification adjustments for impairment losses . . . .                                   |              | 2,311                   | 5,610            | 1,309            | 1,474                        | 18,315         |
| Income tax effect . . . . .  |              | (256)                   | 494              | 429              | 67                           | (554)          |
|  |              | <u>1,032</u>            | <u>(827)</u>     | <u>464</u>       | <u>(836)</u>                 | <u>4,765</u>   |

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| Notes  | Year ended December 31, |           |           | Three months ended March 31, |          |
|--|-------------------------|-----------|-----------|------------------------------|----------|
|  | 2022                    | 2023      | 2024      | 2024                         | 2025     |
|  | RMB'000                 | RMB'000   | RMB'000   | RMB'000                      | RMB'000  |
|  |                         |           |           | (unaudited)                  |          |
| Cash flow hedges:  |                         |           |           |                              |          |
| Effective portion of changes in fair value of hedging instruments arising during the year/period . . . . . | –                       | –         | 55,192    | 8,562                        | 65,896   |
| Income tax effect . . . . .  | –                       | –         | 7,197     | (1,607)                      | (17,520) |
|  | –                       | –         | 62,389    | 6,955                        | 48,376   |
| Exchange differences on translation of foreign operations . . . . .  | 1,998                   | 4,312     | 9,083     | 7,553                        | 1,539    |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods . . . . .  | 3,030                   | 3,485     | 71,936    | 13,672                       | 54,680   |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX . . . . .                                       | 3,030                   | 3,485     | 71,936    | 13,672                       | 54,680   |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD . . . . .   | 1,444,768               | 2,490,279 | 2,982,107 | 765,267                      | 979,228  |
| Profit attributable to:  |                         |           |           |                              |          |
| Owners of the parent . . . . .   | 1,441,738               | 2,486,794 | 2,910,171 | 751,595                      | 924,548  |
| Total comprehensive income attributable to:  |                         |           |           |                              |          |
| Owners of the parent . . . . .   | 1,444,768               | 2,490,279 | 2,982,107 | 765,267                      | 979,228  |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT                                   |                         |           |           |                              |          |
| Basic and diluted . . . . . 13   | RMB1.11                 | RMB1.91   | RMB2.23   | RMB0.58                      | RMB0.68  |

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### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  |       | As at December 31, |            |            | As at<br>March 31, |
|--|-------|--------------------|------------|------------|--------------------|
|  | Notes | 2022               | 2023       | 2024       | 2025               |
|  |       | RMB'000            | RMB'000    | RMB'000    | RMB'000            |
| NON-CURRENT ASSETS   |       |                    |            |            |                    |
| Property, plant and equipment. . . . .                                       | 14    | 4,407,115          | 4,316,945  | 5,006,191  | 5,101,544          |
| Investment property . . . . .  | 15    | 348,893            | 353,355    | 331,489    | 325,845            |
| Right-of-use assets . . . . .  | 16(a) | 976,236            | 1,027,026  | 1,217,277  | 1,216,690          |
| Intangible assets . . . . .  | 17    | 61,606             | 68,717     | 322,203    | 312,773            |
| Pledged deposits . . . . .   | 25    | –                  | 816,398    | 839,453    | –                  |
| Deferred tax assets . . . . .  | 26    | 576,651            | 480,341    | 498,699    | 535,078            |
| Prepayments . . . . .  | 18    | 20,392             | 86,354     | 172,399    | 140,746            |
| Total non-current assets . . . . .   |       | 6,390,893          | 7,149,136  | 8,387,711  | 7,632,676          |
| CURRENT ASSETS   |       |                    |            |            |                    |
| Inventories . . . . .  | 19    | 2,841,937          | 2,707,905  | 5,878,841  | 5,227,435          |
| Trade and bills receivables . . . . .  | 20    | 1,427,542          | 1,944,902  | 3,003,430  | 4,764,574          |
| Receivables at fair value<br>through other comprehensive<br>income . . . . . | 21    | 155,907            | 670,606    | 964,806    | 1,905,411          |
| Prepayments, deposits and other<br>receivables . . . . .                     | 18    | 719,870            | 497,408    | 1,448,033  | 1,339,964          |
| Tax recoverable . . . . .  |       | –                  | –          | 155,413    | 34,502             |
| Financial assets at fair value<br>through profit or loss . . . . .           | 24    | –                  | –          | –          | 300,000            |
| Derivative financial<br>instruments . . . . .                                | 23    | 38,728             | 20,762     | –          | 41,290             |
| Pledged deposits . . . . .   | 25    | 600,834            | 1,231,371  | 1,424,909  | 2,621,775          |
| Cash and bank balances . . . . .   | 25    | 2,389,724          | 5,610,379  | 2,907,756  | 3,708,047          |
| Amounts due from related<br>parties . . . . .                                | 40    | 141,514            | 137,001    | 73         | 366                |
| Total current assets . . . . .   |       | 8,316,056          | 12,820,334 | 15,783,261 | 19,943,364         |
| CURRENT LIABILITIES  |       |                    |            |            |                    |
| Trade and bills payables . . . . .   | 27    | 5,436,034          | 6,436,447  | 10,395,125 | 11,948,435         |
| Other payables and accruals . . . . .  | 28    | 1,964,235          | 3,098,603  | 3,660,304  | 3,819,287          |
| Contract liabilities . . . . .   | 29    | 1,330,375          | 2,209,731  | 2,850,473  | 2,805,624          |
| Derivative financial instruments   | 23    | –                  | 238        | 173,370    | 69,981             |
| Interest-bearing bank<br>borrowings . . . . .                                | 30    | 1,062,303          | 1,200,444  | 657,841    | 1,507,832          |
| Lease liabilities. . . . .   | 16(b) | 4,625              | 6,190      | 29,902     | 31,979             |
| Income tax payable. . . . .  |       | 169,125            | 85,077     | 126,736    | 255,395            |
| Deferred income . . . . .  | 31    | 47,416             | 49,700     | 57,317     | 50,745             |
| Provision . . . . .  | 32    | 175,734            | 185,346    | 159,864    | 164,828            |
| Amounts due to related parties . . . . .                                     | 40    | 1,316,189          | 1,578,002  | 141,890    | 120,441            |
| Total current liabilities . . . . .  |       | 11,506,036         | 14,849,778 | 18,252,822 | 20,774,547         |

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|                                       | <i>Notes</i> | As at December 31,      |                         |                         | As at<br>March 31,      |
|---------------------------------------|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                       |              | 2022                    | 2023                    | 2024                    | 2025                    |
|                                       |              | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>          | <i>RMB'000</i>          |
| NET CURRENT LIABILITIES .             |              | (3,189,980)             | (2,029,444)             | (2,469,561)             | (831,183)               |
| TOTAL ASSETS LESS                     |              |                         |                         |                         |                         |
| CURRENT LIABILITIES . . .             |              | <u>3,200,913</u>        | <u>5,119,692</u>        | <u>5,918,150</u>        | <u>6,801,493</u>        |
| NON-CURRENT LIABILITIES               |              |                         |                         |                         |                         |
| Interest-bearing bank                 |              |                         |                         |                         |                         |
| borrowings . . . . .                  | 30           | 602,101                 | 880                     | 895,493                 | 800,389                 |
| Lease liabilities . . . . .           | 16(b)        | 433                     | 4,538                   | 88,000                  | 95,062                  |
| Deferred tax liabilities . . . . .    | 26           | –                       | –                       | 54,045                  | 20,879                  |
| Other payables . . . . .              | 28           | –                       | –                       | 109,040                 | 109,040                 |
| Deferred income . . . . .             | 31           | 549,488                 | 547,112                 | 573,637                 | 579,069                 |
| Provision . . . . .                   | 32           | <u>321,189</u>          | <u>324,883</u>          | <u>362,229</u>          | <u>372,844</u>          |
| Total non-current liabilities . . . . |              | <u>1,473,211</u>        | <u>877,413</u>          | <u>2,082,444</u>        | <u>1,977,283</u>        |
| Net assets . . . . .                  |              | <u><u>1,727,702</u></u> | <u><u>4,242,279</u></u> | <u><u>3,835,706</u></u> | <u><u>4,824,210</u></u> |
| EQUITY                                |              |                         |                         |                         |                         |
| Share capital . . . . .               | 33           | –                       | –                       | 48                      | 48                      |
| Reserves . . . . .                    | 34           | <u>1,727,702</u>        | <u>4,242,279</u>        | <u>3,835,658</u>        | <u>4,824,162</u>        |
| Total equity . . . . .                |              | <u><u>1,727,702</u></u> | <u><u>4,242,279</u></u> | <u><u>3,835,706</u></u> | <u><u>4,824,210</u></u> |



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### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2022

|   | Attributable to owners of the parent |                      |                      |                               |                                       |                   | Total equity     |
|---|--------------------------------------|----------------------|----------------------|-------------------------------|---------------------------------------|-------------------|------------------|
|   | Merger reserve*                      | Reserve funds*       | Share award reserve* | Exchange fluctuation reserve* | Financial assets revaluation reserve* | Retained profits* |                  |
|   | RMB'000<br>(note 34)                 | RMB'000<br>(note 34) | RMB'000              | RMB'000                       | RMB'000                               | RMB'000           | RMB'000          |
| At January 1, 2022 . . . . .  | 508,442                              | 23,068               | 58,046               | (14,263)                      | 3,488                                 | (303,302)         | 275,479          |
| Profit for the year . . . . .   | –                                    | –                    | –                    | –                             | –                                     | 1,441,738         | 1,441,738        |
| Other comprehensive income for the year:  |                                      |                      |                      |                               |                                       |                   |                  |
| Changes in fair value of receivables at fair value through other comprehensive income, net of tax . . . | –                                    | –                    | –                    | –                             | 1,032                                 | –                 | 1,032            |
| Exchange differences on translation of foreign operations . . . . .                                     | –                                    | –                    | –                    | 1,998                         | –                                     | –                 | 1,998            |
| Total comprehensive income for the year . . .   | –                                    | –                    | –                    | 1,998                         | 1,032                                 | 1,441,738         | 1,444,768        |
| Transfer from retained profits . . . . .  | –                                    | 30,489               | –                    | –                             | –                                     | (30,489)          | –                |
| Equity-settled share-based payment . . . . .  | –                                    | –                    | 7,455                | –                             | –                                     | –                 | 7,455            |
| At December 31, 2022 . . .  | <u>508,442</u>                       | <u>53,557</u>        | <u>65,501</u>        | <u>(12,265)</u>               | <u>4,520</u>                          | <u>1,107,947</u>  | <u>1,727,702</u> |

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### Year ended December 31, 2023

|   | Attributable to owners of the parent |                   |                            |                                     |  |                      |                  |
|---|--------------------------------------|-------------------|----------------------------|-------------------------------------|--|----------------------|------------------|
|   | Merger<br>reserve*                   | Reserve<br>funds* | Share<br>award<br>reserve* | Exchange<br>fluctuation<br>reserve* | Financial<br>assets<br>revaluation<br>reserve* | Retained<br>profits* | Total<br>equity  |
|   | <i>RMB'000</i>                       | <i>RMB'000</i>    | <i>RMB'000</i>             | <i>RMB'000</i>                      | <i>RMB'000</i>                                 | <i>RMB'000</i>       | <i>RMB'000</i>   |
|   | <i>(note 34)</i>                     | <i>(note 34)</i>  |                            |                                     |  |                      |                  |
| At January 1, 2023 . . . . .  | 508,442                              | 53,557            | 65,501                     | (12,265)                            | 4,520  | 1,107,947            | 1,727,702        |
| Profit for the year . . . . .   | –                                    | –                 | –                          | –                                   | –  | 2,486,794            | 2,486,794        |
| Other comprehensive<br>income for the year:   |                                      |                   |                            |                                     |  |                      |                  |
| Changes in fair value of<br>receivables at fair<br>value through other<br>comprehensive<br>income, net of tax . . . . . | –                                    | –                 | –                          | –                                   | (827)  | –                    | (827)            |
| Exchange differences on<br>translation of foreign<br>operations . . . . .   | –                                    | –                 | –                          | 4,312                               | –  | –                    | 4,312            |
| Total comprehensive<br>income for the year . . . . .  | –                                    | –                 | –                          | 4,312                               | (827)  | 2,486,794            | 2,490,279        |
| Transfer from retained<br>profits . . . . .   | –                                    | 76,167            | –                          | –                                   | –  | (76,167)             | –                |
| Equity-settled share-based<br>payment . . . . .   | –                                    | –                 | 24,298                     | –                                   | –  | –                    | 24,298           |
| At December 31, 2023 . . . . .  | <u>508,442</u>                       | <u>129,724</u>    | <u>89,799</u>              | <u>(7,953)</u>                      | <u>3,693</u>                                   | <u>3,518,574</u>     | <u>4,242,279</u> |

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### Year ended December 31, 2024

|   | Attributable to owners of the parent |                     |                    |                   |                         |                                     |  |                                |                      |                  |
|---|--------------------------------------|---------------------|--------------------|-------------------|-------------------------|-------------------------------------|--|--------------------------------|----------------------|------------------|
|   | Share<br>Capital                     | Capital<br>reserve* | Merger<br>reserve* | Reserve<br>funds* | Share award<br>reserve* | Exchange<br>fluctuation<br>reserve* | Financial<br>assets<br>revaluation<br>reserve* | Cash flow<br>hedge<br>reserve* | Retained<br>profits* | Total<br>equity  |
|   | RMB'000                              | RMB'000             | RMB'000            | RMB'000           | RMB'000                 | RMB'000                             | RMB'000  | RMB'000                        | RMB'000              | RMB'000          |
|   | (note 33)                            | (note 34)           | (note 34)          | (note 34)         |                         |                                     |  |                                |                      |                  |
| At January 1, 2024 . . . . .  | –                                    | –                   | 508,442            | 129,724           | 89,799                  | (7,953)                             | 3,693  | –                              | 3,518,574            | 4,242,279        |
| Profit for the year . . . . .   | –                                    | –                   | –                  | –                 | –                       | –                                   | –  | –                              | 2,910,171            | 2,910,171        |
| Other comprehensive<br>income for the year:   |                                      |                     |                    |                   |                         |                                     |  |                                |                      |                  |
| Changes in fair value of<br>receivables at fair<br>value through other<br>comprehensive income,<br>net of tax . . . . . | –                                    | –                   | –                  | –                 | –                       | –                                   | 464  | –                              | –                    | 464              |
| Cash flow hedges . . . . .  | –                                    | –                   | –                  | –                 | –                       | –                                   | –  | 62,389                         | –                    | 62,389           |
| Exchange differences on<br>translation of foreign<br>operations . . . . .   | –                                    | –                   | –                  | –                 | –                       | 9,083                               | –  | –                              | –                    | 9,083            |
| Total comprehensive<br>income for the year . . . . .  | –                                    | –                   | –                  | –                 | –                       | 9,083                               | 464  | 62,389                         | 2,910,171            | 2,982,107        |
| Transfer of cash flow<br>hedge reserve to<br>inventories . . . . .  | –                                    | –                   | –                  | –                 | –                       | –                                   | –  | (83,984)                       | –                    | (83,984)         |
| Equity-settled share-based<br>payment . . . . .   | –                                    | –                   | –                  | –                 | 4,245                   | –                                   | –  | –                              | –                    | 4,245            |
| Deemed contribution from<br>the controlling<br>shareholder (note 34(ii))  | –                                    | –                   | 321,174            | –                 | –                       | –                                   | –  | –                              | –                    | 321,174          |
| Deemed distribution to the<br>controlling shareholder<br>(note 34(ii)) . . . . .  | –                                    | –                   | (14,426)           | –                 | –                       | –                                   | –  | –                              | –                    | (14,426)         |
| Issue of shares (note 33). . . . .  | 48                                   | 177,809             | (46)               | –                 | –                       | –                                   | –  | –                              | –                    | 177,811          |
| Transfer from retained<br>profits. . . . .  | –                                    | –                   | –                  | 418,039           | –                       | –                                   | –  | –                              | (418,039)            | –                |
| Dividends paid (note 12) . . . . .  | –                                    | –                   | –                  | –                 | –                       | –                                   | –  | –                              | (3,793,500)          | (3,793,500)      |
| At December 31, 2024 . . . . .  | <u>48</u>                            | <u>177,809</u>      | <u>815,144</u>     | <u>547,763</u>    | <u>94,044</u>           | <u>1,130</u>                        | <u>4,157</u>                                   | <u>(21,595)</u>                | <u>2,217,206</u>     | <u>3,835,706</u> |

## APPENDIX I

## ACCOUNTANTS’ REPORT

### Three months ended March 31, 2025

|   | Attributable to owners of the parent |                  |                 |                |                      |                               |                                       |                          |                  |                  |
|---|--------------------------------------|------------------|-----------------|----------------|----------------------|-------------------------------|---------------------------------------|--------------------------|------------------|------------------|
|   | Share capital                        | Capital reserve* | Merger reserve* | Reserve funds* | Share award reserve* | Exchange fluctuation reserve* | Financial assets revaluation reserve* | Cash flow hedge reserve* | Retained profits | Total equity     |
|   | RMB'000                              | RMB'000          | RMB'000         | RMB'000        | RMB'000              | RMB'000                       | RMB'000                               | RMB'000                  | RMB'000          | RMB'000          |
|   | (note 33)                            | (note 34)        | (note 34)       | (note 34)      |                      |                               |                                       |                          |                  |                  |
| At 1 January 2025 . . . .   | 48                                   | 177,809          | 815,144         | 547,763        | 94,044               | 1,130                         | 4,157                                 | (21,595)                 | 2,217,206        | 3,835,706        |
| Profit for the period. . . .  | -                                    | -                | -               | -              | -                    | -                             | -                                     | -                        | 924,548          | 924,548          |
| Other comprehensive income for the period:  |                                      |                  |                 |                |                      |                               |                                       |                          |                  |                  |
| Changes in fair value of receivables at fair value through other comprehensive income, net of tax . . . . . | -                                    | -                | -               | -              | -                    | -                             | 4,765                                 | -                        | -                | 4,765            |
| Exchange differences on translation of foreign operations . . . . .   | -                                    | -                | -               | -              | -                    | 1,539                         | -                                     | -                        | -                | 1,539            |
| Cash flow hedges. . . . .   | -                                    | -                | -               | -              | -                    | -                             | -                                     | 48,376                   | -                | 48,376           |
| Total comprehensive income for the period . .   | -                                    | -                | -               | -              | -                    | 1,539                         | 4,765                                 | 48,376                   | 924,548          | 979,228          |
| Transfer of cash flow hedge reserve to inventories. . . . .   | -                                    | -                | -               | -              | -                    | -                             | -                                     | 4,186                    | -                | 4,186            |
| Equity-settled share-based payment . . . . .  | -                                    | -                | -               | -              | 5,090                | -                             | -                                     | -                        | -                | 5,090            |
| At March 31, 2025 . . . .   | <u>48</u>                            | <u>177,809</u>   | <u>815,144</u>  | <u>547,763</u> | <u>99,134</u>        | <u>2,669</u>                  | <u>8,922</u>                          | <u>30,967</u>            | <u>3,141,754</u> | <u>4,824,210</u> |

## APPENDIX I

## ACCOUNTANTS’ REPORT

### Three months ended March 31, 2024 (unaudited)

|  | Attributable to owners of the parent |                  |                           |                                    |                                  |                               |                     |                  |
|--|--------------------------------------|------------------|---------------------------|------------------------------------|----------------------------------|-------------------------------|---------------------|------------------|
|  | Merger<br>reserve                    | Reserve<br>funds | Share<br>award<br>reserve | Exchange<br>fluctuation<br>reserve | Financial                        | Cash flow<br>hedge<br>reserve | Retained<br>profits | Total<br>equity  |
|  |                                      |                  |                           |                                    | assets<br>revaluation<br>reserve |                               |                     |                  |
|  | RMB'000                              | RMB'000          | RMB'000                   | RMB'000                            | RMB'000                          | RMB'000                       | RMB'000             | RMB'000          |
| At 1 January 2024 . . . . .  | 508,442                              | 129,724          | 89,799                    | (7,953)                            | 3,693                            | –                             | 3,518,574           | 4,242,279        |
| Profit for the period (unaudited) .  | –                                    | –                | –                         | –                                  | –                                | –                             | 751,595             | 751,595          |
| Other comprehensive income for<br>the period:  |                                      |                  |                           |                                    |                                  |                               |                     |                  |
| Changes in fair value of<br>receivables at fair value through<br>other comprehensive income,<br>net of tax (unaudited) . . . . . | –                                    | –                | –                         | –                                  | (836)                            | –                             | –                   | (836)            |
| Exchange differences on<br>translation of foreign operations<br>(unaudited) . . . . .  | –                                    | –                | –                         | 7,553                              | –                                | –                             | –                   | 7,553            |
| Cash flow hedges (unaudited) . . .   | –                                    | –                | –                         | –                                  | –                                | 6,955                         | –                   | 6,955            |
| Total comprehensive income for<br>the period (unaudited) . . . . .   | –                                    | –                | –                         | 7,553                              | (836)                            | 6,955                         | 751,595             | 765,267          |
| Transfer of cash flow hedge<br>reserve to inventories<br>(unaudited) . . . . .   | –                                    | –                | –                         | –                                  | –                                | (2,135)                       | –                   | (2,135)          |
| Equity-settled share-based<br>payment (unaudited) . . . . .  | –                                    | –                | 4,770                     | –                                  | –                                | –                             | –                   | 4,770            |
| At March 31, 2024 (unaudited) . .  | <u>508,442</u>                       | <u>129,724</u>   | <u>94,569</u>             | <u>(400)</u>                       | <u>2,857</u>                     | <u>4,820</u>                  | <u>4,270,169</u>    | <u>5,010,181</u> |

\* These reserve accounts comprise the consolidated reserves of RMB1,727,702,000, RMB4,242,279,000, RMB3,835,658,000 and RMB4,824,162,000 as at December 31, 2022, 2023 and 2024 and March 31, 2025, respectively, in the consolidated statements of financial position.

## APPENDIX I

## ACCOUNTANTS’ REPORT

### CONSOLIDATED STATEMENTS OF CASH FLOWS

|   |       | Year ended December 31, |           |             | Three months ended March 31, |           |
|---|-------|-------------------------|-----------|-------------|------------------------------|-----------|
|   | Notes | 2022                    | 2023      | 2024        | 2024                         | 2025      |
|   |       | RMB'000                 | RMB'000   | RMB'000     | RMB'000<br>(unaudited)       | RMB'000   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |       |                         |           |             |                              |           |
| Profit before tax . . . . .                 |       | 1,834,307               | 3,142,400 | 3,549,047   | 959,656                      | 1,208,732 |
| Adjustments for:                            |       |                         |           |             |                              |           |
| Gains on disposal of                        |       |                         |           |             |                              |           |
| leasehold land . . . . .                    | 5     | (17,943)                | —         | —           | —                            | —         |
| Interest income . . . . .                   | 5     | (46,612)                | (186,525) | (217,790)   | (45,280)                     | (24,531)  |
| Fair value gains on                         |       |                         |           |             |                              |           |
| financial assets at fair                    |       |                         |           |             |                              |           |
| value through profit                        |       |                         |           |             |                              |           |
| or loss . . . . .                           | 5     | (34,835)                | (14,582)  | (28,389)    | —                            | (1,191)   |
| Impairment loss/(reversal                   |       |                         |           |             |                              |           |
| of impairment loss) on                      |       |                         |           |             |                              |           |
| financial assets, net . . .                 | 6     | 13,075                  | (2,965)   | 43,233      | 65,920                       | 67,872    |
| Losses on disposal of                       |       |                         |           |             |                              |           |
| items of property, plant                    |       |                         |           |             |                              |           |
| and equipment and                           |       |                         |           |             |                              |           |
| intangible assets . . . . .                 | 7     | 4,174                   | 4,395     | 5,674       | 2,805                        | 386       |
| Realized losses on                          |       |                         |           |             |                              |           |
| derivative financial                        |       |                         |           |             |                              |           |
| instruments . . . . .                       |       | 262,344                 | —         | —           | —                            | —         |
| Finance costs . . . . .                     | 8     | 96,032                  | 61,483    | 45,146      | 12,868                       | 17,458    |
| Depreciation of property,                   |       |                         |           |             |                              |           |
| plant and equipment . . .                   | 14    | 417,897                 | 415,429   | 438,894     | 101,158                      | 117,404   |
| Depreciation of                             |       |                         |           |             |                              |           |
| investment property . . .                   | 15    | 21,541                  | 23,888    | 24,147      | 6,034                        | 6,060     |
| Depreciation of                             |       |                         |           |             |                              |           |
| right-of-use assets . . . .                 | 16    | 30,856                  | 31,326    | 45,843      | 12,036                       | 14,752    |
| Amortization of intangible                  |       |                         |           |             |                              |           |
| assets . . . . .                            | 17    | 10,056                  | 10,353    | 52,250      | 12,873                       | 13,772    |
| Assets-related government                   |       |                         |           |             |                              |           |
| grants released . . . . .                   | 5, 31 | (49,935)                | (47,408)  | (56,134)    | (13,083)                     | (12,685)  |
| Exchange gains, net . . . .                 |       | (1,172)                 | (14,597)  | (16,433)    | 523                          | (17,508)  |
| Changes on derivative                       |       |                         |           |             |                              |           |
| financial instruments . .                   | 23    | (2,780)                 | 18,204    | 165,102     | 25,138                       | (74,597)  |
| Equity-settled share-based                  |       |                         |           |             |                              |           |
| payment expenses . . . .                    | 35    | 7,455                   | 24,298    | 4,245       | 4,770                        | 5,090     |
|   |       | 2,544,460               | 3,465,699 | 4,054,835   | 1,145,418                    | 1,321,014 |
| (Increase)/decrease in                      |       |                         |           |             |                              |           |
| inventories . . . . .                       |       | (449,834)               | 134,032   | (3,170,936) | (354,027)                    | 651,406   |

## APPENDIX I

## ACCOUNTANTS’ REPORT

| <i>Notes</i>   | Year ended December 31, |                |                | Three months ended March 31,         |                |
|--|-------------------------|----------------|----------------|--------------------------------------|----------------|
|  | 2022                    | 2023           | 2024           | 2024                                 | 2025           |
|  | <i>RMB'000</i>          | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i><br><i>(unaudited)</i> | <i>RMB'000</i> |
| Increase in trade and bills receivables . . . . .                              | (170,003)               | (512,829)      | (1,101,814)    | (1,453,684)                          | (1,809,104)    |
| Increase in receivables at fair value through other comprehensive income . . . | (15,145)                | (521,630)      | (295,474)      | (149,204)                            | (953,601)      |
| Decrease/(increase) in prepayments, deposits and other receivables . . . . .   | 568,241                 | 226,506        | (949,263)      | (483,079)                            | 106,937        |
| (Increase)/decrease in pledged deposits . . . . .                              | (1,504)                 | (630,537)      | (216,593)      | 497,850                              | (357,413)      |
| Increase in trade and bills payables . . . . .                                 | 1,030,511               | 1,000,413      | 3,958,678      | 2,264,336                            | 1,553,310      |
| Increase/(decrease) in contract liabilities . . . . .                          | 273,502                 | 879,356        | 640,742        | (45,113)                             | (44,849)       |
| Increase in other payables and accruals . . . . .                              | 209,601                 | 1,069,024      | 78,142         | 399,593                              | 216,288        |
| Increase/(decrease) in warranty provision . . . . .                            | 3,231                   | 13,263         | 11,864         | (4,202)                              | 15,579         |
| Decrease/(increase) in amounts due from related parties . . . . .              | 996                     | –              | (73)           | (4,022)                              | (293)          |
| Increase/(decrease) in amounts due to related parties . . . . .                | 19,115                  | 11,299         | 57,940         | 45,714                               | (21,449)       |
| Cash flows generated from operations . . . . .                                 | 4,013,171               | 5,134,596      | 3,068,048      | 1,859,580                            | 677,825        |
| Income tax paid . . . . .  | (49,025)                | (642,850)      | (709,317)      | (80,365)                             | (122,233)      |
| Interest received . . . . .  | 39,849                  | 139,675        | 159,348        | 38,729                               | 24,066         |
| Net cash flows generated from operating activities .                           | 4,003,995               | 4,631,421      | 2,518,079      | 1,817,944                            | 579,658        |

## APPENDIX I

## ACCOUNTANTS’ REPORT

|  | Year ended December 31, |             |             | Three months ended March 31, |             |
|--|-------------------------|-------------|-------------|------------------------------|-------------|
| Notes  | 2022                    | 2023        | 2024        | 2024                         | 2025        |
|  | RMB'000                 | RMB'000     | RMB'000     | RMB'000                      | RMB'000     |
|  |                         |             |             | (unaudited)                  |             |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                         |             |             |                              |             |
| Interest received . . . . .  | 2,446                   | 16,280      | 58,442      | –                            | –           |
| Purchases of items of property, plant and equipment . . . . .                | (256,948)               | (328,043)   | (809,970)   | (281,188)                    | (201,932)   |
| Purchases of intangible assets . . . . .                                     | (3,475)                 | (18,729)    | (115,254)   | (5,806)                      | (4,299)     |
| Additions to investment property . . . . .                                   | (8,980)                 | (28,350)    | (2,281)     | –                            | (416)       |
| Proceeds from disposal of items of property, plant and equipment . . . . .   | 25,980                  | 7,006       | 2,667       | 1,739                        | 2           |
| Purchase of leasehold land . . . . .   | –                       | (68,430)    | (105,135)   | (34,019)                     | (35,080)    |
| Proceeds from disposal of leasehold land . . . . . 5, 16(a)                  | 100,021                 | –           | –           | –                            | –           |
| Receipt of government grants for property, plant and equipment . . . . .     | 25,261                  | 47,316      | 90,276      | 2,832                        | 11,545      |
| Purchases of financial assets at fair value through profit or loss . . . . . | (3,370,000)             | (1,900,000) | (8,013,434) | (200,000)                    | (2,300,000) |
| Disposals of financial assets at fair value through profit or loss . . . . . | 3,404,835               | 1,914,582   | 8,041,823   | –                            | 2,001,191   |
| Payments under derivative financial instruments . . . . .                    | (262,344)               | –           | –           | –                            | –           |
| Placement of time deposits . . . . .   | (1,139,139)             | (5,915,947) | (2,039,900) | (702,050)                    | (583,634)   |
| Withdrawal of time deposits . . . . .  | 885,000                 | 4,881,026   | 2,547,449   | –                            | –           |
| Advanced to related parties . . . . .  | (20,542)                | (5,815)     | –           | –                            | –           |
| Repayments from related parties . . . . .                                    | 479,423                 | 10,328      | 137,001     | 32,834                       | –           |
| Net cash flow used in investing activities . . . . .                         | (138,462)               | (1,388,776) | (208,316)   | (1,185,658)                  | (1,112,623) |



## APPENDIX I

## ACCOUNTANTS’ REPORT

|   |        | Year ended December 31, |             |             | Three months ended March 31, |           |
|---|--------|-------------------------|-------------|-------------|------------------------------|-----------|
| Notes   |        | 2022                    | 2023        | 2024        | 2024                         | 2025      |
|   |        | RMB'000                 | RMB'000     | RMB'000     | RMB'000                      | RMB'000   |
|   |        |                         |             |             | (unaudited)                  |           |
| CASH FLOWS FROM FINANCING ACTIVITIES                                    |        |                         |             |             |                              |           |
| Proceeds from issue of shares . . . . .                                 | 33     | –                       | –           | 177,811     | –                            | –         |
| Dividends paid . . . . .  |        | –                       | –           | (3,793,500) | –                            | –         |
| Contribution from the controlling shareholder . . . . .                 | 34(ii) | –                       | –           | 321,174     | –                            | –         |
| Deemed distribution to the controlling shareholder . . . . .            | 34(ii) | –                       | –           | (14,426)    | –                            | –         |
| New bank loans . . . . .  |        | 4,750,880               | 5,888,399   | 7,137,804   | 1,453,240                    | 1,437,507 |
| Repayment of bank loans . . . . .                                       |        | (7,707,334)             | (6,350,282) | (6,785,794) | (1,287,916)                  | (682,620) |
| Interest paid . . . . .   |        | (102,690)               | (62,680)    | (45,146)    | (12,868)                     | (17,458)  |
| Principle portion of lease payments . . . . .                           |        | (5,247)                 | (8,078)     | (23,713)    | (2,973)                      | (5,171)   |
| Advances from related parties . . . . .                                 |        | 112,408                 | 253,969     | –           | –                            | –         |
| Repayments to related parties . . . . .                                 |        | –                       | (3,455)     | (1,494,052) | (16,131)                     | –         |
| [REDACTED] expenses paid . . . . .                                      |        | –                       | –           | (990)       | –                            | (1,869)   |
| Net cash flows (used in)/ generated from financing activities . . . . . |        | (2,951,983)             | (282,127)   | (4,520,832) | 133,352                      | 730,389   |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .         |        |                         |             |             |                              |           |
|   |        | 913,550                 | 2,960,518   | (2,211,069) | 765,638                      | 197,424   |
| Cash and cash equivalents at beginning of the year/period . . . . .     |        | 1,227,470               | 2,131,268   | 5,102,830   | 5,102,830                    | 2,907,756 |
| Effect of foreign exchange rate changes, net . . . . .                  |        | (9,752)                 | 11,044      | 15,995      | 16,501                       | 19,233    |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD . . . . .           |        |                         |             |             |                              |           |
|   |        | 2,131,268               | 5,102,830   | 2,907,756   | 5,884,969                    | 3,124,413 |

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## ACCOUNTANTS’ REPORT

|  |       | Year ended December 31, |           |           | Three months ended March 31, |           |
|--|-------|-------------------------|-----------|-----------|------------------------------|-----------|
|  | Notes | 2022                    | 2023      | 2024      | 2024                         | 2025      |
|  |       | RMB'000                 | RMB'000   | RMB'000   | RMB'000                      | RMB'000   |
|  |       |                         |           |           | (unaudited)                  |           |
| ANALYSIS OF BALANCES   |       |                         |           |           |                              |           |
| OF CASH AND CASH   |       |                         |           |           |                              |           |
| EQUIVALENTS  |       |                         |           |           |                              |           |
| Cash and bank balances as stated in the consolidated statements of financial position . . . . .                | 25    | 2,389,724               | 5,610,379 | 2,907,756 | 7,095,408                    | 3,708,047 |
| Less: short-term bank deposits with original maturities of over three months and due within one year . . . . . |       | (258,456)               | (507,549) | —         | (1,210,439)                  | (583,634) |
| Cash and cash equivalents as stated in the consolidated statements of cash flows . . . . .                     |       | 2,131,268               | 5,102,830 | 2,907,756 | 5,884,969                    | 3,124,413 |

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## ACCOUNTANTS’ REPORT

### STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

|                                       |       | As at<br>December 31, | As at<br>March 31, |
|---------------------------------------|-------|-----------------------|--------------------|
|                                       | Notes | 2024                  | 2025               |
|                                       |       | RMB'000               | RMB'000            |
| <b>NON-CURRENT ASSETS</b>             |       |                       |                    |
| Investment in a subsidiary . . . . .  | 44    | —                     | —                  |
| Total non-current assets . . . . .    |       | —                     | —                  |
| <b>CURRENT ASSETS</b>                 |       |                       |                    |
| Bank balances . . . . .               | 25    | 177,811               | 179,224            |
| Prepayments . . . . .                 |       | —                     | 897                |
| Total current assets . . . . .        |       | 177,811               | 180,121            |
| <b>CURRENT LIABILITIES</b>            |       |                       |                    |
| Other payables and accruals . . . . . |       | —                     | 718                |
| Total current liabilities . . . . .   |       | —                     | 718                |
| Net assets . . . . .                  |       | 177,811               | 179,403            |
| <b>EQUITY</b>                         |       |                       |                    |
| Share capital . . . . .               | 33    | 48                    | 48                 |
| Reserves . . . . .                    | 34    | 177,763               | 179,355            |
| Total equity . . . . .                |       | 177,811               | 179,403            |

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## ACCOUNTANTS’ REPORT

### II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. CORPORATE AND GROUP INFORMATION

Aux Electric Co., Ltd. (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on October 23, 2024. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as more fully explained in the paragraph headed “Pre-[REDACTED] Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Document (the “Reorganization”). During the Relevant Periods, the Company’s subsidiaries were principally engaged in manufacturing and sales of household air-conditioners and central air-conditioners (the “Relevant Business”) in Mainland China and other countries/jurisdictions. The principal place of business of the Group is No. 1166 Mingguang North Road, Jiangshan Town, Yinzhou District, Ningbo, Zhejiang, the People’s Republic of China (the “PRC”).

In the opinion of the directors of the Company, since the completion date of the Reorganization, the immediate holding company of the Company is AUX Holdings Group Co., Ltd. (“AUX Holdings”), which is incorporated in the Cayman Islands, and the ultimate holding company of the Company is Ze Hui Limited (“Ze Hui”), which is incorporated in the British Virgin Islands.

As at the date of this report, Mr. ZHENG Jianjiang, through his controlled entities, controlled approximately 96.36% of the voting rights of the Company. In the opinion of the directors of the Company, Mr. ZHENG Jianjiang is the ultimate controlling shareholder of the Company.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

| Name   | Notes | Place and date of incorporation/<br>registration and place<br>of operation | Issued ordinary/<br>registered share capital | Percentage of<br>equity attributable<br>to the Company |          | Principal activities                            |
|--|-------|--|--|--|----------|---|
|  |       |  |  | Direct   | Indirect |   |
| China Bloom Industrial Co., Ltd. . . . .   | (a)   | British Virgin Islands<br>March 22, 2004                                   | United States dollars<br>(“USD”) 2           | 100  | –        | Investment holding                              |
| Ze Kai Limited. . . . .  | (b)   | Hong Kong<br>August 5, 2011  | Hong Kong dollars<br>(“HK\$”) 2,000          | –  | 100      | Investment holding                              |
| Ningbo Sanxing Technology Co., Ltd.*<br>(寧波三星科技有限公<br>司) . . . . .                         | (c)   | PRC/Mainland<br>China<br>May 13, 1999                                      | RMB51,000,000                                | –  | 100      | Investment holding                              |
| Ningbo AUX Electric Co., Ltd.* (寧波奧克斯電氣<br>有限公司) . . . . .                                 | (j)   | PRC/Mainland<br>China<br>June 24, 2003                                     | RMB1,350,000,000                             | –  | 100      | Manufacture and<br>sales of air<br>conditioners |
| AUX Air Conditioner Co., Ltd.* (奧克斯空調股份<br>有限公司) . . . . .                                 | (j)   | PRC/Mainland<br>China<br>December 8,<br>2016                               | RMB2,434,627,564                             | –  | 100      | Manufacture and<br>sales of air<br>conditioners |
| Ningbo AUX IMP.& EXP. Co., Ltd.* (寧波奧克斯<br>進出口有限公司) . . . .                                | (j)   | PRC/Mainland<br>China<br>November 10,<br>1997                              | RMB550,000,000                               | –  | 100      | Sales of air<br>conditioners                    |
| Nanchang City Aux Electric Manufacture Limited Company* (南<br>昌市奧克斯電氣製造有<br>限公司) . . . . . | (j)   | PRC/Mainland<br>China<br>October 17,<br>2003                               | RMB604,197,600                               | –  | 100      | Manufacture of air<br>conditioners              |

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| Name  | Notes | Place and date of incorporation/ registration and place of operation | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company |          | Principal activities                                    |
|---|-------|--|---|--|----------|---|
|   |       |  |   | Direct   | Indirect |   |
| Ningbo AUX Home Appliances Sales Co., Ltd.* (寧波奧克斯家電銷售有限公司) . . . . .     | (j)   | PRC/Mainland China<br>February 28, 2012                              | RMB100,000,000                            | –  | 100      | Sales of air conditioners                               |
| Anhui Aux Intelligent Electric Co., Ltd.* (安徽奧克斯智能電氣有限公司) . . . . .       | (j)   | PRC/Mainland China<br>November 2, 2017                               | RMB850,000,000                            | –  | 100      | Manufacture of air conditioners                         |
| Ningbo AUX Information Technology Co., Ltd.* (寧波奧克斯信息技術有限公司) . . . . .    | (j)   | PRC/Mainland China<br>May 14, 2015                                   | RMB50,000,000                             | –  | 100      | Sales of air conditioners                               |
| Ningbo Huajie Trading Co., Ltd.* (寧波驊頤貿易有限公司) . . . . .                   | (e)   | PRC/Mainland China<br>June 23, 2017                                  | RMB50,000,000                             | –  | 100      | Trading of metal material                               |
| Henan AUX Intelligent Electrical Co., Ltd.* (河南奧克斯智能電氣有限公司) . . . . .     | (d)   | PRC/Mainland China<br>December 6, 2018                               | RMB600,000,000                            | –  | 100      | Manufacture of air conditioners                         |
| Ningbo Aoyunshang Commercial Trading Co., Ltd.* (寧波奧雲商貿有限公司) . . . . .    | (i)   | PRC/Mainland China<br>September 7, 2018                              | RMB100,000,000                            | –  | 100      | Sales of air conditioners                               |
| Ningbo Hutssom Electric Co., Ltd.* (寧波華蒜電氣有限公司) . . . . .                 | (a)   | PRC/Mainland China<br>August 17, 2018                                | RMB200,000,000                            | –  | 100      | Sales of air conditioners                               |
| Ningbo Aoyunfu Technology Co., Ltd.* (寧波奧雲服科技有限公司) . . . . .              | (a)   | PRC/Mainland China<br>September 7, 2018                              | RMB100,000,000                            | –  | 100      | Sales of air conditioners                               |
| Tianjin AUX Electric Co., Ltd.* (天津奧克斯電氣有限公司) . . . . .                   | (d)   | PRC/Mainland China<br>March 24, 2008                                 | RMB350,000,000                            | –  | 100      | Property leasing  |
| Zhuhai Tuoxin Technology Co., Ltd.* (珠海拓芯科技有限公司) . . . . .                | (d)   | PRC/Mainland China<br>June 29, 2016                                  | RMB3,000,000                              | –  | 100      | Research and development of air conditioning technology |
| Tianjin AUX Home Appliance Sales Co., Ltd.* (天津奧克斯家電銷售有限公司) . . . . .     | (d)   | PRC/Mainland China<br>October 20, 2023                               | RMB100,000,000                            | –  | 100      | Sales of air conditioners                               |
| Ningbo AUX Intelligent Manufacturing Co., Ltd.* (寧波奧克斯智能製造有限公司) . . . . . | (a)   | PRC/Mainland China<br>April 30, 2024                                 | RMB200,000,000                            | –  | 100      | Manufacture of air conditioners                         |
| Xtron Air-conditioning Manufacture (Thailand) Co., Ltd. . . . .           | (g)   | Thailand<br>September 24, 2018                                       | Thai Baht (“THB”) 1,170,000,000           | –  | 100      | Manufacture and sales of air conditioners               |
| Aux Cloud Commerce (Malaysia) Sdn. Bhd. . . . .                           | (k)   | Malaysia<br>August 18, 2023  | Malaysian Ringgit (“MYR”) 100,000         | –  | 100      | Sales of air conditioners                               |
| Aux Cloud Commerce (Thailand) Co., Ltd.. . . . .                          | (l)   | Thailand<br>November 29, 2023  | THB100,000,000                            | –  | 100      | Sales of air conditioners                               |

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| Name  | Notes | Place and date of incorporation/<br>registration and place<br>of operation | Issued ordinary/<br>registered share capital | Percentage of<br>equity attributable<br>to the Company |          | Principal activities            |
|---|-------|--|--|--|----------|---------------------------------|
|   |       |  |  | Direct   | Indirect |                                 |
| Aux Cloud Commerce<br>PTE. Ltd. . . . .   | (m)   | Singapore<br>December 21,<br>2023  | Singapore dollars 1                          | –  | 100      | Sales of air<br>conditioners    |
| Aux Home Appliances<br>(HK) Co., Limited . . .                                    | (f)   | Hong Kong<br>July 26, 2017   | HK\$10,000                                   | –  | 100      | Sales of air<br>conditioners    |
| Hangzhou Aux<br>Air-conditioning Sales<br>Co., Ltd.* (杭州奧克斯<br>空調銷售有限公司) . . .    | (h)   | PRC/Mainland<br>China<br>September 12,<br>2024                             | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |
| Ningbo Hanyao<br>Optoelectronics Co.,<br>Ltd.* (寧波瀚耀光電有<br>限公司) . . . . .         | (h)   | PRC/Mainland<br>China<br>December 2,<br>2024                               | RMB20,000,000                                | –  | 100      | Generation of<br>electric power |
| Nanchang Hanyuan<br>Optoelectronics Co.,<br>Ltd.* (南昌瀚遠光電有<br>限公司) . . . . .      | (h)   | PRC/Mainland<br>China<br>November 8,<br>2024                               | RMB20,000,000                                | –  | 100      | Generation of<br>electric power |
| Wuhu Hanfeng<br>Optoelectronics Co.,<br>Ltd.* (蕪湖瀚峰光電有<br>限公司) . . . . .          | (h)   | PRC/Mainland<br>China<br>November 4,<br>2024                               | RMB20,000,000                                | –  | 100      | Generation of<br>electric power |
| Ma’anshan Hantu<br>Optoelectronics Co.,<br>Ltd.* (馬鞍山市瀚途光<br>電有限公司) . . . . .     | (h)   | PRC/Mainland<br>China<br>November 4,<br>2024                               | RMB20,000,000                                | –  | 100      | Generation of<br>electric power |
| AUX Home Appliances<br>Saudi Arabia Limited<br>L.L.C . . . . .                    | (h)   | Kingdom of<br>Saudi Arabia<br>(“KSA”)<br>September 29,<br>2024             | Saudi Arabian Riyal<br>(“SAR”) 30,000        | –  | 100      | Sales of air<br>conditioners    |
| Aux Cloud Commerce<br>Vietnam Company<br>Limited . . . . .                        | (h)   | Socialist Republic<br>of Vietnam<br>October 18,<br>2024                    | Vietnamese Dong<br>(“VND”) 72,501,000        | –  | 100      | Sales of air<br>conditioners    |
| Changsha Aux Home<br>Appliance Sales Co.,<br>Ltd.* (長沙奧克斯家電<br>銷售有限公司) . . . . .  | (h)   | PRC/Mainland<br>China<br>September 24,<br>2024                             | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |
| Shanghai Aux<br>Air-conditioning Sales<br>Co., Ltd.* (上海奧克斯<br>空調銷售有限公司) . . .    | (h)   | PRC/Mainland<br>China<br>September 20,<br>2024                             | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |
| Jinan Aux Air-<br>conditioning Sales Co.,<br>Ltd.* (濟南奧克斯空調<br>銷售有限公司) . . . . .  | (h)   | PRC/Mainland<br>China<br>September 25,<br>2024                             | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |
| Fuzhou AUX Electric<br>Sales Co., Ltd.* (福州<br>奧克斯電器銷售有限公<br>司) . . . . .         | (h)   | PRC/Mainland<br>China<br>October 22,<br>2024                               | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |
| Jinhua Aux Air-<br>conditioning Sales Co.,<br>Ltd.* (金華奧克斯空調<br>銷售有限公司) . . . . . | (h)   | PRC/Mainland<br>China<br>September 29,<br>2024                             | RMB10,000,000                                | –  | 100      | Sales of air<br>conditioners    |

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| Name  | Notes | Place and date of incorporation/registration and place of operation | Issued ordinary/registered share capital | Percentage of equity attributable to the Company |          | Principal activities      |
|---|-------|---|--|--|----------|---------------------------|
|   |       |   |  | Direct   | Indirect |                           |
| Chengdu Aux Air-conditioning Equipment Co., Ltd.* (成都奧克斯空調設備有限公司) . . . . .   | (h)   | PRC/Mainland China<br>September 30, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Shenyang Aux Xinchuang Sales Co., Ltd.* (瀋陽奧克斯新創銷售有限公司) . . . . .             | (h)   | PRC/Mainland China<br>October 16, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Shanxi Aux Home Appliance Sales Co., Ltd.* (山西奧克斯家電銷售有限公司) . . . . .          | (h)   | PRC/Mainland China<br>October 30, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Nanjing Aux Air Conditioning Technology Co., Ltd.* (南京奧克斯空調科技有限公司) . . . . .  | (h)   | PRC/Mainland China<br>September 29, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Wuxi Aux Electric Sales Co., Ltd.* (無錫奧克斯電器銷售有限公司) . . . . .                  | (h)   | PRC/Mainland China<br>November 7, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Nanning Aux Home Appliance Sales Co., Ltd.* (南寧奧克斯家電銷售有限公司) . . . . .         | (h)   | PRC/Mainland China<br>September 26, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Anhui Aux Home Appliance Sales Co., Ltd.* (安徽奧克斯家電銷售有限公司) . . . . .           | (h)   | PRC/Mainland China<br>September 23, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Xian Aux Air-conditioning Sales Co., Ltd.* (西安奧克斯空調銷售有限公司) . . . . .          | (h)   | PRC/Mainland China<br>October 12, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Shijiazhuang Aux Air-conditioning Sales Co., Ltd.* (石家莊奧克斯空調銷售有限公司) . . . . . | (h)   | PRC/Mainland China<br>October 18, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Shanxi Aux Air-conditioning Sales Co., Ltd.* (山西奧克斯空調銷售有限公司) . . . . .        | (h)   | PRC/Mainland China<br>September 24, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Chongqing Aux Air-conditioning Equipment Co., Ltd.* (重慶奧克斯空調設備有限公司) . . . . . | (h)   | PRC/Mainland China<br>October 9, 2024                               | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Shenzhen Aux Air-conditioning Sales Co., Ltd.* (深圳奧克斯空調銷售有限公司) . . . . .      | (h)   | PRC/Mainland China<br>September 27, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |

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| Name   | Notes | Place and date of incorporation/registration and place of operation | Issued ordinary/registered share capital | Percentage of equity attributable to the Company |          | Principal activities      |
|--|-------|---|--|--|----------|---------------------------|
|  |       |   |  | Direct   | Indirect |                           |
| Zhengzhou Aux Electric Sales Co., Ltd.* (鄭州奧克斯電器銷售有限公司) . . . . .      | (h)   | PRC/Mainland China<br>September 23, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Nanchang Aux Home Appliance Marketing Co., Ltd.* (南昌奧克斯家電營銷有限公司) . . . | (h)   | PRC/Mainland China<br>September 24, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Hubei Aux Air-conditioning Sales Co., Ltd.* (湖北奧克斯空調銷售有限公司) . . . . .  | (h)   | PRC/Mainland China<br>September 20, 2024                            | RMB10,000,000                            | –  | 100      | Sales of air conditioners |
| Foshan Aux Electric Sales Co., Ltd.* (佛山奧克斯電器銷售有限公司) . . .             | (h)   | PRC/Mainland China<br>December 2, 2024                              | RMB10,000,000                            | –  | 100      | Sales of air conditioners |

The above table lists the subsidiaries of the Company that the directors of the Company believe principally affect the results or assets of the Group. In the opinion of the directors of the Company, to give details of other subsidiaries would result in particulars of excessive length.

- (a) As at the date of their reports, no audited financial statements have been prepared for these entities since their dates of incorporation or registration as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of their incorporation/registration.
- (b) The statutory financial statements of the entity for the years ended December 31, 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Yuen Wai Ho, certified public accountant registered in Hong Kong. The statutory financial statements of the entity for the year ended December 31, 2024 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Manford CPA Limited, certified public accountant registered in Hong Kong.
- (c) The statutory financial statements of the entity for the years ended December 31, 2022 and 2023 prepared in accordance with China Accounting System for Business Enterprises were audited by Zhejiang Kexin Public Accountants LLP (浙江科信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.
- (d) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared in accordance with China Accounting System for Business Enterprises were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.
- (e) The statutory financial statements of the entity for the years ended December 31, 2022 and 2023 prepared in accordance with China Accounting System for Business Enterprises were audited by Ningbo Jiade Public Accountants LLP (寧波嘉德會計師事務所(普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.
- (f) The statutory financial statements of the entity for the years ended December 31, 2022 and 2023 prepared in accordance with Hong Kong Financial Reporting Standards were audited by Tsang Kwong Yip, certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.



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- (g) The statutory financial statements of this entity for the years ended December 31, 2022 and 2023 prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Account Entities were audited by BDO Audit Company Limited, a firm of certified public accountants registered in Thailand. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.
- (h) No audited financial statements have been prepared for these entities for the years ended December 31, 2022, 2023 and 2024 as they were incorporated in 2024.
- (i) For the years ended December 31, 2022 and 2023, no audited financial statements have been prepared for the entity as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its registration. The statutory financial statements of the entity for the year ended December 31, 2024 prepared in accordance with China Accounting System for Business Enterprises were audited by Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所(特殊普通合夥)上海分所), certified public accountants registered in the PRC.
- (j) The statutory financial statements of these entities for the years ended December 31, 2022 and 2023 prepared in accordance with China Accounting System for Business Enterprises were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. The statutory financial statements of these entities for the year ended December 31, 2024 prepared in accordance with China Accounting System for Business Enterprises were audited by Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所(特殊普通合夥)上海分所), certified public accountants registered in the PRC.
- (k) No audited financial statements have been prepared for the entity for the years ended December 31, 2022 and 2023 as it was incorporated in 2023. The statutory financial statements of this entity for the period from its date of incorporation to December 31, 2024 prepared in accordance with Malaysian Financial Reporting Standards were audited by YYC & CO PLT, a firm of certified public accountants registered in Malaysia.
- (l) No audited financial statements have been prepared for the entity for the years ended December 31, 2022 as it was incorporated in 2023. The statutory financial statements of this entity for the period from its date of incorporation to December 31, 2023 and the year ended December 31, 2024 prepared in accordance with Thai Financial Reporting Standards for Non-Publicly Account Entities were audited by Siriraporn Audit & Consulting Co., Ltd. and BDO Audit Company Limited, respectively, both of which are firms of certified public accountants registered in Thailand.
- (m) No audited financial statements have been prepared for the entity for the years ended December 31, 2022 and 2023 as it was incorporated in 2023. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2024.
- \* The English names of the companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

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### 2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed “Pre-[REDACTED] Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Document, the Company became the holding company of the companies now comprising the Group on November 22, 2024. The companies now comprising the Group were under the common control of Mr. ZHENG Jianjiang (the “Ultimate Controlling Shareholder”) before and after the Reorganization.

Ningbo AUX Electric Co., Ltd. (the then “Holding Company”) and its subsidiaries were principally engaged in the Relevant Business during the Relevant Periods. China Bloom Industrial Co., Ltd., Ze Kai Limited (“Ze Kai”) and Ningbo Sanxing Technology Co., Ltd. (“Ningbo Sanxing”) were investment holding companies, which are controlled by Mr. ZHENG Jianjiang. Ningbo Sanxing previously held a wholly-owned subsidiary, Ningbo AUX Fenghe Investment Co., Ltd. (寧波奧克斯豐和投資有限公司, “Ningbo Fenghe”), and Ze Kai previously held a wholly-owned subsidiary, Ningbo Zezhong Building Materials Trading Co., Ltd. (寧波澤眾建材貿易有限公司, “Ningbo Zezhong”), immediately before the Reorganization. Ningbo Fenghe and its subsidiaries, and Ningbo Zezhong were principally engaged in business unrelated to the Relevant Business during the Relevant Periods (the “Non-relevant Business”). As part of the Reorganization, Ningbo Sanxing acquired the entire equity interest in the then Holding Company from AUX Group Co., Ltd. (奧克斯集團有限公司, “AUX Group”), an entity controlled by the Ultimate Controlling Shareholder, and in consideration, AUX Group received the entire equity interest in Ningbo Fenghe from Ningbo Sanxing and RMB14.43 million in cash. In addition, Ze Kai disposed of the entire equity interests in Ningbo Zezhong to AUX Group. For the purpose of presenting the financial position, operating results and cash flows of the Relevant Business, Ningbo Fenghe and its subsidiaries, and Ningbo Zezhong were carved out from this Historical Financial Information.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or the Relevant Business first came under the common control of the Ultimate Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and March 31, 2025 have been prepared to present the assets and liabilities of the subsidiaries and/or the Relevant Business using the existing book values from the Ultimate Controlling Shareholder’s perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

All intra-group transactions and balances have been eliminated on consolidation.

### 2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The Group’s net current liabilities amounted to approximately RMB831 million as at March 31, 2025. Taking into account the available facilities from banks and cash flows from operations for the twelve months from March 31, 2025, the directors of the Company believe that the Group will have sufficient financial resources to settle the borrowings and payments that will be due within next twelve months and consequently, the Historical Financial Information has been prepared on a going concern basis.

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### Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same relevant periods as the Company, using consistent accounting policies. Except for business combinations under common control and those mentioned in note 2.1 to the Historical Financial Information, the results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

|  |   |
|--|---|
| Amendments to HKFRS 10 and HKAS 28 . . .                                       | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup> |
| Amendments to HKFRS 9 and HKFRS 7 . . . .                                      | <i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>             |
| Amendments to HKFRS 9 and HKFRS 7 . . . .                                      | <i>Contracts Referencing Nature-dependent Electricity</i> <sup>2</sup>                                    |
| <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> . . . . . | Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>                                 |
| HKFRS 18 . . . . .   | <i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>                                   |
| HKFRS 19 . . . . .   | <i>Subsidiaries without Public Accountability: Disclosure</i> <sup>4</sup>                                |

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

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The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. HKFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group’s presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group’s financial performance. So far, the Group considers that these new and amended HKFRS Accounting Standards are unlikely to have a significant impact on the Group’s financial performance and financial position.

### 2.4 MATERIAL ACCOUNTING POLICIES

#### Fair value measurement

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

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

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

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

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

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

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

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

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property, plant and equipment and depreciation

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

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

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

|   |              |
|---|--------------|
| Buildings . . . . .                     | 3% to 4.75%  |
| Motor vehicles . . . . .                | 9% to 31.67% |
| Machinery and equipment . . . . .       | 9% to 31.67% |
| Office equipment and fixtures . . . . . | 9% to 31.67% |
| Freehold overseas land . . . . .        | 0%           |

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

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

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

### **Investment property**

Investment property is interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group measures its investment property at cost less depreciation and any impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

|                           |          |
|---------------------------|----------|
| Buildings . . . . .       | 20 years |
| Land use rights . . . . . | 50 years |

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year/period of the retirement or disposal.

### **Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year/period end.

#### ***Software***

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over their estimated useful lives of 3 to 10 years.

#### ***Patent***

Purchased patent is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 7 years.

### **Research and development costs**

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

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### Leases

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

#### *Group as a lessee*

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

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

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

|                           |            |
|---------------------------|------------|
| Buildings . . . . .       | 2-10 years |
| Land use rights . . . . . | 50 years   |

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

##### *(b) Lease liabilities*

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

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

##### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

#### *Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.



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Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

### **Investments and other financial assets**

#### ***Initial recognition and measurement***

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

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

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

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

#### ***Subsequent measurement***

The subsequent measurement of financial assets depends on financial asset’s contractual cash flow characteristics and the Group’s business model for managing them as follows:

##### ***Financial assets at amortized cost (debt instruments)***

Financial assets that are with the objective of holding to collect contractual cash flows, where those cash flows represent SPPI, are classified and measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

Financial assets that are with the objective of both holding to collect contractual cash flows and selling the financial assets, where those cash flows represent SPPI, are classified and measured at fair value through other comprehensive income (i.e. receivables at fair value through other comprehensive income that are set out in note 21 to the Historical Financial Information). For receivables at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss. Losses arising on derecognition are presented in “other expense”.



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

Financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are classified and measured at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

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

### **Derecognition of financial assets**

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

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

### ***General approach***

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Financial assets at amortized cost and debt instruments at fair value through other comprehensive income are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables, which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

### *Simplified approach*

For trade and bills receivables and receivables at fair value through other comprehensive income that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. To measure the expected credit losses, trade and bills receivables have been assessed on individual basis for debtors in severe financial difficulty, or collectively basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience, adjusted as appropriate to reflect current and forward-looking factors specific to the debtors and economic environment.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as appropriate.

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

The Group’s financial liabilities include trade and bills payables, other payables and accruals, amounts due to related parties, interest-bearing bank borrowings and derivative financial instruments.

#### *Subsequent measurement*

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

#### *Financial liabilities at amortized cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

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

### **Derecognition of financial liabilities**

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

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

### **Derivative financial instruments and hedge accounting**

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

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

### ***Cash flow hedges***

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial

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cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the moving weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### **Cash and cash equivalents**

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

### **Provisions**

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

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

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

### **Income tax**

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

### **Government grants**

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

### **Revenue recognition**

#### ***Revenue from contracts with customers***

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

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

### *(a) Sales of goods*

The Group are principally engaged in manufacturing and sales of household air-conditioners and central air-conditioners in mainland China and other countries/jurisdictions.

Revenue from domestic sales of goods is recognized when the Group has delivered products to the location specified in the sales contract and the customer has confirmed the acceptance of the products, and the delivery note is signed by both parties. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuations and obsolescence and loss of the products.

Revenue from overseas sales of goods is recognized when the products have been loaded on board and shipped out of the port in accordance with the sales contract.

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

#### *(i) Rights of return*

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

The Group bases its estimates of sales return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

#### *(ii) Sales rebates*

The Group provides distributors with sales rebate and discount, and the relevant revenue is recognized based on contract consideration net of the rebate and discount amount estimated.

#### *(iii) Warranty*

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

### *(b) Rendering of services*

The Group provides installation services which are bundled together with the sale of air-conditioners to certain customers. The installation services can be obtained from other providers and do not significantly customize or modify the products.

Contracts for bundled sales of air conditioner and installation services are comprised of two performance obligations because the promises to transfer the air-conditioner and provide installation services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the sale of air-conditioner and installation services.

Revenue from installation services is recognized at a point in time upon completion of installation services. If the contractual consideration received or receivable exceeds the services performed, the excess is recognized as contract liabilities.

### *(c) Royalties*

Royalties are brand royalties paid by authorized partners to the Group for the purpose of obtaining brand authorization rights. The Group appropriates and recognizes revenue over the term of the brand authorization contracts.

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### *Revenue from other sources*

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

### *Other income*

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

### **Contract liabilities**

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

### **Share-based payments**

The Company operates an employee share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted and the subscription price paid by the grantees. The fair value of the shares granted is determined using discounted cash flow method, further details of which are given in note 35 to the Historical Financial Information.

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

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

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

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

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



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### **Other employee benefits**

#### *Pension scheme*

The employees of the Group’s subsidiaries which operates in mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

#### *Housing fund and other social insurances*

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

### **Borrowing costs**

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

### **Foreign currencies**

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

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

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

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

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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



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### Judgements

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

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses and deductible temporary differences as at December 31, 2022, 2023 and 2024 and March 31, 2025 were RMB61,834,000, RMB132,247,000, RMB169,032,000 and RMB198,422,000, respectively. Further details are included in note 26 to the Historical Financial Information.

#### *Revenue from contracts with customers*

The Group applied the following judgement that significantly affects the determination of the amount and timing of revenue from contracts with customers:

#### *Determining the method to estimate variable consideration and assessing the constraint for the sale of air-conditioners*

Certain contracts for the sale of air-conditioners include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

In estimating the variable consideration for the sale of air-conditioners with volume rebates, the Group determined that using a combination of the most likely amount method and the expected value method is appropriate. The selected method that better predicts the amount of variable consideration related to volume rebates is primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### Estimation uncertainty

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

#### *Variable consideration for sales rebates*

The Group estimates variable consideration to be included in the transaction price for the sale of air-conditioners with sales rebates.

The Group’s expected sales rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer’s historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected sales rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

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The Group updates its assessment of expected sales rebates monthly and the sales rebate accruals and payables are adjusted accordingly. Estimates of expected sales rebates are sensitive to changes in circumstances and the Group’s past experience regarding rebate entitlements may not be representative of customers’ actual rebate entitlements in the future. The refund liabilities at the end of each reporting period are recorded as “sales rebate accruals and payables” in note 28 to the Historical Financial Information.

### *Provision for expected credit losses on trade receivables at amortized cost*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 20 to the Historical Financial Information.

### *Net realizable value of inventories*

Net realizable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period.

### *Useful lives and residual values of items of property, plant and equipment*

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the Historical Financial Information.

### *Fair value of equity-settled share-based payments*

The fair value of the restricted shares granted is determined by using the discounted cash flow method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as revenue growth rate and discount rate, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognized in profit or loss. Further details are included in note 35 to the Historical Financial Information.

### *Warranty provisions*

The Group provides warranty in accordance with the laws and regulations related to the air-conditioners. Under the terms of warranty, the Group undertakes to repair the air-conditioners free of charge in the event of any malfunctioning within the warranty period.

Estimated costs related to warranty are accrued at the time of sales of air-conditioners based on contractual terms, historical experience on the cost incurred on the past warranty claims and volumes of products sold. In cases where the actual cost incurred on the warranty claims are less or more than expected, or change in facts and

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circumstances which result in revision of estimated costs related to product warranty, a material reversal or further provision of warranty may arise, which would be recognized in profit or loss for the period in which such a reversal or further provision takes place. Further details are included in note 32 to the Historical Financial Information.

### 4. OPERATING SEGMENT INFORMATION

#### Description of segments and principal activities

For management purposes, the Group is mainly engaged in manufacturing and sales of household air-conditioners and central air-conditioners in mainland China and other countries/jurisdictions, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group’s management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

#### Geographical information

##### (a) Revenue from external customers

|  | Year ended December 31, |                   |                   | Three months ended March 31, |                  |
|--|-------------------------|-------------------|-------------------|------------------------------|------------------|
|  | 2022                    | 2023              | 2024              | 2024                         | 2025             |
|  | RMB’000                 | RMB’000           | RMB’000           | RMB’000<br>(unaudited)       | RMB’000          |
| Mainland China . . . . .                     | 11,141,582              | 14,419,477        | 15,078,580        | 3,662,583                    | 4,016,628        |
| Asia (except for mainland<br>China). . . . . | 4,800,131               | 5,734,525         | 7,339,872         | 1,956,838                    | 2,944,806        |
| European Union . . . . .                     | 1,789,547               | 2,282,070         | 3,024,817         | 810,999                      | 1,091,794        |
| North America . . . . .                      | 1,041,432               | 1,132,694         | 2,095,134         | 579,639                      | 392,876          |
| South America . . . . .                      | 460,827                 | 719,836           | 1,507,028         | 184,027                      | 518,585          |
| Other countries/<br>jurisdictions . . . . .  | 294,066                 | 543,231           | 713,888           | 168,486                      | 387,708          |
| Total revenue . . . . .                      | <u>19,527,585</u>       | <u>24,831,833</u> | <u>29,759,319</u> | <u>7,362,572</u>             | <u>9,352,397</u> |

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

|  | As at December 31, |                  |                  | Three months<br>ended March 31, |
|--|--------------------|------------------|------------------|---------------------------------|
|  | 2022               | 2023             | 2024             | 2025                            |
|  | RMB’000            | RMB’000          | RMB’000          | RMB’000                         |
| Mainland China . . . . .               | 5,555,661          | 5,587,248        | 6,761,527        | 6,795,114                       |
| Other countries/jurisdictions. . . . . | 258,581            | 265,149          | 288,032          | 302,484                         |
| Total non-current assets . . . . .     | <u>5,814,242</u>   | <u>5,852,397</u> | <u>7,049,559</u> | <u>7,097,598</u>                |

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

#### Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group’s total revenue for each of the Relevant Periods and the three months ended March 31, 2024.

Information about products and services have been disclosed in note 5 to the Historical Financial Information.

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### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|   | Year ended December 31, |                   |                   | Three months ended March 31, |                  |
|---|-------------------------|-------------------|-------------------|------------------------------|------------------|
|   | 2022                    | 2023              | 2024              | 2024                         | 2025             |
|   | RMB'000                 | RMB'000           | RMB'000           | RMB'000<br>(unaudited)       | RMB'000          |
| Revenue from contracts with customers . . . . . | 19,496,413              | 24,782,526        | 29,707,212        | 7,348,075                    | 9,341,420        |
| Revenue from other sources                      |                         |                   |                   |                              |                  |
| Gross rental income from operating leases .     | 31,172                  | 49,307            | 52,107            | 14,497                       | 10,977           |
| Total . . . . .                                 | <u>19,527,585</u>       | <u>24,831,833</u> | <u>29,759,319</u> | <u>7,362,572</u>             | <u>9,352,397</u> |

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

|   | Year ended December 31, |                   |                   | Three months ended March 31, |                  |
|---|-------------------------|-------------------|-------------------|------------------------------|------------------|
|   | 2022                    | 2023              | 2024              | 2024                         | 2025             |
|   | RMB'000                 | RMB'000           | RMB'000           | RMB'000<br>(unaudited)       | RMB'000          |
| <b>Types of goods or services</b>                             |                         |                   |                   |                              |                  |
| Sale of household air conditioners . . . . .                  | 16,429,431              | 20,518,561        | 24,568,233        | 6,387,906                    | 8,208,217        |
| Sale of central air conditioners . . . . .                    | 1,840,564               | 2,694,755         | 3,169,839         | 723,236                      | 855,402          |
| Installation services of household air-conditioners . . . . . | 854,529                 | 1,164,534         | 1,336,230         | 154,418                      | 167,960          |
| Installation services of central air-conditioners .           | 44,592                  | 55,379            | 53,661            | 11,742                       | 9,806            |
| Others* . . . . .   | 327,297                 | 349,297           | 579,249           | 70,773                       | 100,035          |
| Total . . . . .   | <u>19,496,413</u>       | <u>24,782,526</u> | <u>29,707,212</u> | <u>7,348,075</u>             | <u>9,341,420</u> |
| <b>Timing of revenue recognition</b>                          |                         |                   |                   |                              |                  |
| <b>Revenue recognized at a point in time:</b>                 |                         |                   |                   |                              |                  |
| Sale of household air conditioners . . . . .                  | 16,429,431              | 20,518,561        | 24,568,233        | 6,387,906                    | 8,208,217        |
| Sale of central air conditioners . . . . .                    | 1,840,564               | 2,694,755         | 3,169,839         | 723,236                      | 855,402          |
| Installation services of household air-conditioners . . . . . | 854,529                 | 1,164,534         | 1,336,230         | 154,418                      | 167,960          |
| Installation services of central air-conditioners .           | 44,592                  | 55,379            | 53,661            | 11,742                       | 9,806            |
| Others – sales of scrap and raw materials . . . . .           | 278,066                 | 290,975           | 521,228           | 56,412                       | 84,997           |
| <b>Revenue recognized over time:</b>                          |                         |                   |                   |                              |                  |
| Others . . . . .  | 49,231                  | 58,322            | 58,021            | 14,361                       | 15,038           |
| Total . . . . .   | <u>19,496,413</u>       | <u>24,782,526</u> | <u>29,707,212</u> | <u>7,348,075</u>             | <u>9,341,420</u> |

\* Others mainly consist of the Group’s sales of scrap and raw materials and royalty income.

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The following table shows the amounts of revenue recognized in each reporting period that were included in the contract liabilities at the beginning of each reporting period:

|                                 | Year ended December 31, |                  |                  | Three months ended March 31, |                  |
|---------------------------------|-------------------------|------------------|------------------|------------------------------|------------------|
|                                 | 2022                    | 2023             | 2024             | 2024                         | 2025             |
|                                 | RMB'000                 | RMB'000          | RMB'000          | RMB'000<br>(unaudited)       | RMB'000          |
| Sale of air conditioners . . .  | 724,786                 | 958,442          | 1,665,425        | 1,431,267                    | 1,975,849        |
| Installation services . . . . . | 261,617                 | 324,003          | 473,251          | 169,709                      | 176,018          |
| Royalty income . . . . .        | 35,615                  | 44,978           | 50,510           | 14,364                       | 11,294           |
| Total . . . . .                 | <u>1,022,018</u>        | <u>1,327,423</u> | <u>2,189,186</u> | <u>1,615,340</u>             | <u>2,163,161</u> |

(ii) *Performance obligations*

Information about the Group’s performance obligations is summarized below:

*Sales of air conditioners*

Revenue from domestic sales of goods is recognized when the Group has delivered products to the location specified in the sales contract, the customer has confirmed the acceptance of the products, and the delivery note is signed by both parties. The Group generally requires domestic customers to make payments in advance before the delivery of products.

Revenue from overseas sales of goods is recognized when the products have been loaded on board and shipped out of the port in accordance with the sales contract. The Group generally collects a certain amount of deposits from overseas customers and the remaining payment is generally due within one to four months from the date when the products have been loaded on board and shipped out of the port in accordance with the sales contract.

Some contracts provide customers with a right of return and sales rebates which give rise to variable consideration subject to constraint. The Group provides distributors with sales rebates and discounts, and the relevant revenue is recognized based on contract consideration net of the rebate and discount amounts estimated.

The periods and terms of product quality warranty are provided in accordance with the laws and regulations related to the products. The Group has not provided any additional services or product quality warranty, so the product quality warranty does not constitute a separate performance obligation.

The Group’s obligation to transfer products to customers for consideration received or receivable is presented as contract liabilities.

*Installation services*

The performance obligation is satisfied at the point in time as installation services are completed and payments in advance are generally required.

*Others*

Others mainly consist of the Group’s sales of scrap and raw materials and royalty income.

(i) *Sales of scrap and raw materials*

The performance obligation is satisfied when the goods are delivered to and accepted by the customer at the location specified by the customer (delivery) and payments in advance are generally required.

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### (ii) Royalty income

The performance obligation is satisfied over the term of the franchise contract and payments in advance are generally required.

All contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

### Other income and gains

An analysis of other income and gains is as follows:

|   | Year ended December 31, |                |                | Three months ended March 31, |                |
|---|-------------------------|----------------|----------------|------------------------------|----------------|
|   | 2022                    | 2023           | 2024           | 2024                         | 2025           |
|   | RMB'000                 | RMB'000        | RMB'000        | RMB'000<br>(unaudited)       | RMB'000        |
| Other income:   |                         |                |                |                              |                |
| Government grants: <i>(Note)</i>  |                         |                |                |                              |                |
| Asset-related . . . . .   | 49,935                  | 47,408         | 56,134         | 13,083                       | 12,685         |
| Income related . . . . .  | 33,134                  | 89,383         | 179,633        | 34,018                       | 44,688         |
| Bank interest income . . . .  | 46,612                  | 186,525        | 217,790        | 45,280                       | 24,531         |
|   | <u>129,681</u>          | <u>323,316</u> | <u>453,557</u> | <u>92,381</u>                | <u>81,904</u>  |
| Other gains:  |                         |                |                |                              |                |
| Foreign exchange differences, net . . . . .   | 114,000                 | 97,875         | 86,042         | –                            | –              |
| Realized gains on derivative financial instruments . . . . .                        | –                       | –              | 19,099         | 3,667                        | 37,501         |
| Fair value gains on derivative financial instruments . . . . .                      | 2,780                   | –              | –              | –                            | –              |
| Gains on disposal of leasehold land . . . . .                                       | 17,943                  | –              | –              | –                            | –              |
| Fair value gains on financial assets at fair value through profit or loss . . . . . | 34,835                  | 14,582         | 28,389         | –                            | 1,191          |
| Compensations from suppliers . . . . .  | 16,438                  | 27,475         | 22,723         | 4,764                        | 3,282          |
| Others . . . . .  | 5,980                   | 2,324          | 6,453          | 811                          | 344            |
|   | <u>191,976</u>          | <u>142,256</u> | <u>162,706</u> | <u>9,242</u>                 | <u>42,318</u>  |
| Total . . . . .   | <u>321,657</u>          | <u>465,572</u> | <u>616,263</u> | <u>101,623</u>               | <u>124,222</u> |

*Note:* The income related government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and preferential tax treatments, to reward the Group’s support and contribution for the development of local economies. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. As at December 31, 2022, 2023 and 2024 and March 31, 2025, there were no unfulfilled conditions or contingencies relating to these government grants.

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## ACCOUNTANTS’ REPORT

### 6. PROFIT BEFORE TAX

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

|   | Notes | Year ended December 31, |                  |                  | Three months ended March 31, |                |
|---|-------|-------------------------|------------------|------------------|------------------------------|----------------|
|   |       | 2022                    | 2023             | 2024             | 2024                         | 2025           |
|   |       | RMB’000                 | RMB’000          | RMB’000          | RMB’000<br>(unaudited)       | RMB’000        |
| Cost of inventories sold . . . . .  |       | 12,905,190              | 16,223,180       | 19,620,017       | 5,089,781                    | 6,504,867      |
| Cost of services provided . . . . .   |       | 810,178                 | 1,165,361        | 1,367,945        | 166,160                      | 177,766        |
| Depreciation of property, plant and equipment . . . . .   | 14    | 417,897                 | 415,429          | 438,894          | 101,158                      | 117,404        |
| Depreciation of investment property . . . . .   | 15    | 21,541                  | 23,888           | 24,147           | 6,034                        | 6,060          |
| Depreciation of right-of-use assets . . . . .   | 16    | 30,856                  | 31,326           | 45,843           | 12,036                       | 14,752         |
| Amortization of software* . . . . .   | 17    | 10,056                  | 10,353           | 13,307           | 3,137                        | 4,036          |
| Amortization of patent* . . . . .   | 17    | —                       | —                | 38,943           | 9,736                        | 9,736          |
| Research and development costs . . . . .  |       | 397,563                 | 566,630          | 710,035          | 123,509                      | 128,335        |
| Lease payments not included in the measurement of lease liabilities . . . . .   | 16(c) | 42,620                  | 35,212           | 56,909           | 11,429                       | 30,287         |
| Auditor’s remuneration . . . . .  |       | 5,523                   | 14,805           | 4,837            | 4,538                        | 215            |
| [REDACTED] expenses . . . . .   |       | —                       | —                | 20,471           | —                            | 8,257          |
| Employee benefit expense (excluding directors’ and chief executive’s remuneration):   |       |                         |                  |                  |                              |                |
| Wages and salaries . . . . .  |       | 976,406                 | 1,364,243        | 1,801,365        | 387,368                      | 444,469        |
| Pension scheme contributions and social welfare . . . . .   |       | 344,637                 | 454,497          | 551,427          | 150,504                      | 163,314        |
| Equity-settled share-based payment expenses . . . . .   |       | 6,100                   | 21,635           | 1,581            | 4,104                        | 4,424          |
| Total . . . . .   |       | <u>1,327,143</u>        | <u>1,840,375</u> | <u>2,354,373</u> | <u>541,976</u>               | <u>612,207</u> |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment property . . . . .             |       | 95                      | 956              | 3,521            | 466                          | 67             |
| Foreign exchange differences, net . . . . .   | 5, 7  | (114,000)               | (97,875)         | (86,042)         | 2,459                        | 28,669         |
| Fair value (gains)/losses of derivative financial instruments . . . . .   | 5, 7  | (2,780)                 | 18,204           | 165,102          | 17,598                       | 2,870          |
| Impairment loss/(reversal of impairment loss) of financial assets, net:   |       |                         |                  |                  |                              |                |
| Impairment loss/(gain) of trade receivables, net . . . . .  | 20    | 11,069                  | (4,531)          | 43,286           | 66,411                       | 47,960         |
| Impairment loss of receivables at fair value through other comprehensive income . . . . .   |       | 2,311                   | 5,610            | 1,309            | 1,474                        | 18,316         |
| (Reversal of impairment loss)/impairment loss of financial assets included in prepayments, deposits and other receivables . . . . . | 18    | (305)                   | (4,044)          | (1,362)          | (1,965)                      | 1,596          |
| Total . . . . .   |       | <u>13,075</u>           | <u>(2,965)</u>   | <u>43,233</u>    | <u>65,920</u>                | <u>67,872</u>  |
| Write-down of inventories to net realizable value . . . . .   |       | 9,364                   | 19,359           | 19,657           | (5,637)                      | 8,819          |
| Interest income . . . . .   | 5     | (46,612)                | (186,525)        | (217,790)        | (45,280)                     | (24,531)       |
| Losses on disposal of items of property, plant and equipment and intangible assets . . . . .  | 7     | 4,174                   | 4,395            | 5,674            | 2,805                        | 386            |
| Gains on disposal of leasehold land . . . . .   | 5     | (17,943)                | —                | —                | —                            | —              |

\* The amortization of software and patent for the Relevant Periods are included in “Administrative expenses” and “Research and development expenses”, respectively, in the consolidated statements of profit or loss and other comprehensive income.

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## ACCOUNTANTS’ REPORT

### 7. OTHER EXPENSES

|  | Year ended December 31, |                |                | Three months ended March 31, |               |
|--|-------------------------|----------------|----------------|------------------------------|---------------|
|  | 2022                    | 2023           | 2024           | 2024                         | 2025          |
|  | RMB'000                 | RMB'000        | RMB'000        | RMB'000<br>(unaudited)       | RMB'000       |
| Foreign exchange differences, net . . . . .  | –                       | –              | –              | 2,459                        | 28,669        |
| Realized losses on derivative financial instruments . . . . .                                | 579,663                 | 91,508         | –              | –                            | –             |
| Fair value losses on derivative financial instruments . . . . .                              | –                       | 18,204         | 165,102        | 17,598                       | 2,870         |
| Losses on derecognition of receivables at fair value through other comprehensive income . .  | 13,030                  | 25,283         | 21,537         | 6,007                        | 3,874         |
| Losses on disposal of items of property, plant and equipment and intangible assets . . . . . | 4,174                   | 4,395          | 5,674          | 2,805                        | 386           |
| Donations . . . . .  | 1,230                   | 1,025          | 1,020          | 1,000                        | 1,000         |
| Others . . . . .   | 6,009                   | 11,389         | 13,741         | 1,543                        | 7,778         |
| Total . . . . .  | <u>604,106</u>          | <u>151,804</u> | <u>207,074</u> | <u>31,412</u>                | <u>44,577</u> |

### 8. FINANCE COSTS

An analysis of finance costs is as follows:

|  | Year ended December 31, |               |               | Three months ended March 31, |               |
|--|-------------------------|---------------|---------------|------------------------------|---------------|
|  | 2022                    | 2023          | 2024          | 2024                         | 2025          |
|  | RMB'000                 | RMB'000       | RMB'000       | RMB'000<br>(unaudited)       | RMB'000       |
| Interest on bank borrowings . . . . .                | 95,796                  | 61,373        | 43,832        | 12,510                       | 16,190        |
| Interest on lease liabilities (note 16(b)) . . . . . | 236                     | 110           | 1,314         | 358                          | 1,268         |
| Total . . . . .                                      | <u>96,032</u>           | <u>61,483</u> | <u>45,146</u> | <u>12,868</u>                | <u>17,458</u> |

### 9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Certain of the Company’s directors received remuneration from the subsidiaries now comprising the Group prior to their appointment as the directors of the Company. Details of the remuneration received or receivable by the directors from the Group are as follows:

|   | Year ended December 31, |               |              | Three months ended March 31, |              |
|---|-------------------------|---------------|--------------|------------------------------|--------------|
|   | 2022                    | 2023          | 2024         | 2024                         | 2025         |
|   | RMB'000                 | RMB'000       | RMB'000      | RMB'000<br>(unaudited)       | RMB'000      |
| Fees . . . . .  | 200                     | 208           | 300          | 75                           | 75           |
| Other emoluments:   |                         |               |              |                              |              |
| Salaries, allowances and benefits in kind . . . . .       | 1,262                   | 2,470         | 2,468        | 624                          | 755          |
| Performance related bonuses* . . . . .                    | 6,472                   | 8,753         | 1,048        | 998                          | 824          |
| Equity-settled share-based payment expenses** . . .       | 1,355                   | 2,663         | 2,664        | 666                          | 666          |
| Pension scheme contributions and social welfare . . . . . | 13                      | 14            | 16           | 4                            | 4            |
| Subtotal . . . . .  | <u>9,102</u>            | <u>13,900</u> | <u>6,196</u> | <u>2,292</u>                 | <u>2,249</u> |
| Total . . . . .   | <u>9,302</u>            | <u>14,108</u> | <u>6,496</u> | <u>2,367</u>                 | <u>2,324</u> |



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## ACCOUNTANTS’ REPORT

\* Executive directors of the Company are entitled to bonus payments which are determined according to their performance.

\*\* Incentives were granted to one of the directors of the Company in respect of his service to the Group, further details of which are set out in note 35 to the Historical Financial Information. The fair value of such share incentive awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the three months ended March 31, 2024 are included in the above directors’ and chief executive’s remuneration disclosures.

### (a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

|                            | Year ended December 31, |         |         | Three months ended March 31, |         |
|----------------------------|-------------------------|---------|---------|------------------------------|---------|
|                            | 2022                    | 2023    | 2024    | 2024                         | 2025    |
|                            | RMB'000                 | RMB'000 | RMB'000 | RMB'000                      | RMB'000 |
|                            |                         |         |         | (unaudited)                  |         |
| Mr. XIANG Wei . . . . .    | 100                     | 100     | 100     | 25                           | 25      |
| Ms. JING Xian . . . . .    | 100                     | 100     | 100     | 25                           | 25      |
| Mr. TAO Shengwen . . . . . | —                       | 8       | 100     | 25                           | 25      |
| Total . . . . .            | 200                     | 208     | 300     | 75                           | 75      |

There were no other emoluments payable to the independent non-executive directors during Relevant Periods and the three months ended March 31, 2024.

### (b) Executive directors, non-executive directors and the chief executive

Year ended December 31, 2022

|                                 | Salaries,<br>allowances and<br>benefits in kind | Performance<br>related bonuses | Equity-settled<br>share-based<br>payment<br>expenses | Pension scheme<br>contributions<br>and social<br>welfare | Total<br>remuneration |
|---------------------------------|---|--------------------------------|--|--|-----------------------|
|                                 | RMB'000   | RMB'000                        | RMB'000  | RMB'000  | RMB'000               |
| <b>Executive directors:</b>     |   |                                |  |  |                       |
| Mr. ZHENG Jianjiang* . . . . .  | —   | —                              | —  | —  | —                     |
| Mr. XIN Ning** . . . . .        | 1,262   | 6,472                          | 1,355  | 13   | 9,102                 |
| <b>Non-executive directors:</b> |   |                                |  |  |                       |
| Mr. ZHENG Jiang . . . . .       | —   | —                              | —  | —  | —                     |
| Mr. HE Xiwan . . . . .          | —   | —                              | —  | —  | —                     |
| Ms. LI Jian . . . . .           | —   | —                              | —  | —  | —                     |
|                                 | 1,262   | 6,472                          | 1,355  | 13   | 9,102                 |

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## ACCOUNTANTS’ REPORT

Year ended December 31, 2023

|                                 | Salaries,<br>allowances and<br>benefits in kind | Performance<br>related bonuses | Equity-settled<br>share-based<br>payment<br>expenses | Pension scheme<br>contributions<br>And social<br>welfare | Total<br>remuneration |
|---------------------------------|---|--------------------------------|--|--|-----------------------|
|                                 | <i>RMB'000</i>                                  | <i>RMB'000</i>                 | <i>RMB'000</i>                                       | <i>RMB'000</i>   | <i>RMB'000</i>        |
| <b>Executive directors:</b>     |   |                                |  |  |                       |
| Mr. ZHENG Jianjiang* .          | —   | —                              | —  | —  | —                     |
| Mr. XIN Ning** . . . . .        | 2,470   | 8,753                          | 2,663  | 14   | 13,900                |
| <b>Non-executive directors:</b> |   |                                |  |  |                       |
| Mr. ZHENG Jiang . . . . .       | —   | —                              | —  | —  | —                     |
| Mr. HE Xiwan. . . . .           | —   | —                              | —  | —  | —                     |
| Ms. LI Jian . . . . .           | —   | —                              | —  | —  | —                     |
|                                 | <u>2,470</u>                                    | <u>8,753</u>                   | <u>2,663</u>   | <u>14</u>  | <u>13,900</u>         |

Year ended December 31, 2024

|                                 | Salaries,<br>allowances and<br>benefits in kind | Performance<br>related bonuses | Equity-settled<br>share-based<br>payment<br>expenses | Pension scheme<br>contributions<br>and social<br>welfare | Total<br>remuneration |
|---------------------------------|---|--------------------------------|--|--|-----------------------|
|                                 | <i>RMB'000</i>                                  | <i>RMB'000</i>                 | <i>RMB'000</i>                                       | <i>RMB'000</i>   | <i>RMB'000</i>        |
| <b>Executive directors:</b>     |   |                                |  |  |                       |
| Mr. ZHENG Jianjiang* .          | —   | —                              | —  | —  | —                     |
| Mr. XIN Ning** . . . . .        | 2,468   | 1,048                          | 2,664  | 16   | 6,196                 |
| <b>Non-executive directors:</b> |   |                                |  |  |                       |
| Mr. ZHENG Jiang . . . . .       | —   | —                              | —  | —  | —                     |
| Mr. HE Xiwan. . . . .           | —   | —                              | —  | —  | —                     |
| Ms. LI Jian . . . . .           | —   | —                              | —  | —  | —                     |
|                                 | <u>2,468</u>                                    | <u>1,048</u>                   | <u>2,664</u>   | <u>16</u>  | <u>6,196</u>          |

Three months ended March 31, 2024 (unaudited)

|                                 | Salaries,<br>allowances and<br>benefits in kind | Performance<br>related bonuses | Equity-settled<br>share-based<br>payment<br>expenses | Pension scheme<br>contributions<br>and social<br>welfare | Total<br>remuneration |
|---------------------------------|---|--------------------------------|--|--|-----------------------|
|                                 | <i>RMB'000</i>                                  | <i>RMB'000</i>                 | <i>RMB'000</i>                                       | <i>RMB'000</i>   | <i>RMB'000</i>        |
| <b>Executive directors:</b>     |   |                                |  |  |                       |
| Mr. ZHENG Jianjiang* .          | —   | —                              | —  | —  | —                     |
| Mr. XIN Ning** . . . . .        | 624   | 998                            | 666  | 4  | 2,292                 |
| <b>Non-executive directors:</b> |   |                                |  |  |                       |
| Mr. ZHENG Jiang . . . . .       | —   | —                              | —  | —  | —                     |
| Mr. HE Xiwan. . . . .           | —   | —                              | —  | —  | —                     |
| Ms. LI Jian . . . . .           | —   | —                              | —  | —  | —                     |
|                                 | <u>624</u>                                      | <u>998</u>                     | <u>666</u>   | <u>4</u>   | <u>2,292</u>          |

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Three months ended March 31, 2025

|                                 | Salaries,<br>allowances and<br>benefits in kind | Performance<br>related bonuses | Equity-settled<br>share-based<br>payment<br>expenses | Pension scheme<br>contributions<br>and social<br>welfare | Total<br>remuneration |
|---------------------------------|---|--------------------------------|--|--|-----------------------|
|                                 | RMB'000   | RMB'000                        | RMB'000  | RMB'000  | RMB'000               |
| <b>Executive directors:</b>     |   |                                |  |  |                       |
| Mr. ZHENG Jianjiang*            | —   | —                              | —  | —  | —                     |
| Mr. XIN Ning**                  | 755   | 824                            | 666  | 4  | 2,249                 |
| <b>Non-executive directors:</b> |   |                                |  |  |                       |
| Mr. ZHENG Jiang                 | —   | —                              | —  | —  | —                     |
| Mr. HE Xiwan                    | —   | —                              | —  | —  | —                     |
| Ms. LI Jian                     | —   | —                              | —  | —  | —                     |
|                                 | <u>755</u>                                      | <u>824</u>                     | <u>666</u>   | <u>4</u>   | <u>2,249</u>          |

\* Mr. ZHENG Jianjiang is also the chairman of the Company’s board of directors.

\*\* Mr. XIN Ning is also the president of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the three months ended March 31, 2024.

### 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the three months ended March 31, 2024 included one, one, one, one and one director, respectively, details of whose remuneration are set out in note 9 to the Historical Financial Information.

Details of the remuneration for the remaining four, four, four, four and four highest paid employees who are neither directors nor the chief executive of the Company during the Relevant Periods and the three months ended March 31, 2024 are as follows:

|   | Year ended December 31, |               |               | Three months ended March 31, |              |
|---|-------------------------|---------------|---------------|------------------------------|--------------|
|   | 2022                    | 2023          | 2024          | 2024                         | 2025         |
|   | RMB'000                 | RMB'000       | RMB'000       | RMB'000<br>(unaudited)       | RMB'000      |
| Salaries, allowances and<br>benefits in kind          | 5,465                   | 4,711         | 2,969         | 3,101                        | 3,191        |
| Performance related<br>bonuses                        | 7,985                   | 28,654        | 6,963         | 3,086                        | 3,482        |
| Equity-settled share-based<br>payment expenses        | 2,315                   | 4,511         | 1,559         | 627                          | 541          |
| Pension scheme<br>contributions and<br>social welfare | 51                      | 57            | 65            | 15                           | 17           |
| Total   | <u>15,816</u>           | <u>37,933</u> | <u>11,556</u> | <u>6,829</u>                 | <u>7,231</u> |

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

|                                   | Year ended December 31, |      |      | Three months ended March 31, |      |
|-----------------------------------|-------------------------|------|------|------------------------------|------|
|                                   | 2022                    | 2023 | 2024 | 2024                         | 2025 |
|                                   |                         |      |      | (unaudited)                  |      |
| HK\$1,000,001 to<br>HK\$1,500,000 | —                       | —    | —    | 2                            | 2    |
| HK\$1,500,001 to<br>HK\$2,000,000 | —                       | —    | —    | 1                            | 1    |



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## ACCOUNTANTS’ REPORT

### Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Japan, Malaysia, USA, UAE and KSA is calculated on the estimated assessable profit for each of the Relevant Periods and the three months ended March 31, 2024 at the respective rates prevailing in the relevant jurisdictions.

The income tax expense of the Group is analyzed as follows:

|   | Year ended December 31, |                |                | Three months ended March 31, |                |
|---|-------------------------|----------------|----------------|------------------------------|----------------|
|   | 2022                    | 2023           | 2024           | 2024                         | 2025           |
|   | RMB'000                 | RMB'000        | RMB'000        | RMB'000<br>(unaudited)       | RMB'000        |
| Current income tax:   |                         |                |                |                              |                |
| Charge for the year/period . . . . .                                | 214,409                 | 560,414        | 592,917        | 228,703                      | 355,901        |
| Underprovision/ (Overprovision) in respect of prior years . . . . . | 1,201                   | (1,612)        | 2,646          | 2,646                        | 15,902         |
| Deferred income tax (note 26). . . . .                              | 176,959                 | 96,804         | 43,313         | (23,288)                     | (87,619)       |
| Total . . . . .   | <u>392,569</u>          | <u>655,606</u> | <u>638,876</u> | <u>208,061</u>               | <u>284,184</u> |

A reconciliation of the income tax expense applicable to profit before tax using the statutory tax rate for the country or jurisdiction in which the majority of the Company’s subsidiaries are domiciled to the income tax expense at the effective tax rate is as follows:

|  | Year ended December 31, |                  |                  | Three months ended March 31, |                  |
|--|-------------------------|------------------|------------------|------------------------------|------------------|
|  | 2022                    | 2023             | 2024             | 2024                         | 2025             |
|  | RMB'000                 | RMB'000          | RMB'000          | RMB'000<br>(unaudited)       | RMB'000          |
| Profit before tax . . . . .  | <u>1,834,307</u>        | <u>3,142,400</u> | <u>3,549,047</u> | <u>959,656</u>               | <u>1,208,732</u> |
| Tax at the statutory tax rate . . . . .                                      | 458,577                 | 785,600          | 887,262          | 239,914                      | 302,183          |
| Effect of lower tax rate enacted by local tax authorities . . . . .          | (26,714)                | (71,204)         | (143,202)        | (27,461)                     | (20,380)         |
| Expenses not deductible for tax . . . . .                                    | 8,037                   | 10,461           | 4,937            | 3,279                        | 1,596            |
| Additional deductible allowance for research and development costs . . . . . | (59,246)                | (83,811)         | (124,359)        | (20,627)                     | (21,289)         |
| Deductible temporary differences and tax losses not recognized . . . . .     | 10,714                  | 16,172           | 17,482           | 10,310                       | 7,357            |
| Utilization of tax losses not recognized in previous years . . . . .         | –                       | –                | (5,890)          | –                            | (1,185)          |
| Adjustments in respect of current tax of previous years . . . . .            | <u>1,201</u>            | <u>(1,612)</u>   | <u>2,646</u>     | <u>2,646</u>                 | <u>15,902</u>    |
| Tax charge at the Group’s effective rate . . . . .                           | <u>392,569</u>          | <u>655,606</u>   | <u>638,876</u>   | <u>208,061</u>               | <u>284,184</u>   |



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## ACCOUNTANTS’ REPORT

### 14. PROPERTY, PLANT AND EQUIPMENT

The Group

|   | Buildings        | Motor vehicles | Machinery and equipment | Office equipment and fixtures | Construction in progress | Freehold overseas land | 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>   |
| <b>December 31, 2022</b>  |                  |                |                         |                               |                          |                        |                  |
| At January 1, 2022:   |                  |                |                         |                               |                          |                        |                  |
| Cost . . . . .  | 3,800,902        | 68,440         | 2,191,286               | 224,103                       | 131,142                  | 46,879                 | 6,462,752        |
| Accumulated depreciation . . . . .  | (697,618)        | (44,634)       | (855,881)               | (144,598)                     | –                        | –                      | (1,742,731)      |
| Accumulated impairment . . . . .  | –                | (253)          | (27,697)                | (653)                         | –                        | –                      | (28,603)         |
| Net carrying amount . . . . .   | <u>3,103,284</u> | <u>23,553</u>  | <u>1,307,708</u>        | <u>78,852</u>                 | <u>131,142</u>           | <u>46,879</u>          | <u>4,691,418</u> |
| At January 1, 2022,<br>net of accumulated depreciation and impairment . . . . .   | 3,103,284        | 23,553         | 1,307,708               | 78,852                        | 131,142                  | 46,879                 | 4,691,418        |
| Additions . . . . .   | 13,901           | 980            | 43,830                  | 11,409                        | 80,540                   | –                      | 150,660          |
| Transfers . . . . .   | 178              | –              | 7,326                   | 340                           | (7,844)                  | –                      | –                |
| Depreciation provided during the year . . . . .                                   | (181,863)        | (7,034)        | (204,570)               | (24,430)                      | –                        | –                      | (417,897)        |
| Disposals . . . . .   | (23,067)         | (287)          | (5,905)                 | (863)                         | –                        | –                      | (30,122)         |
| Exchange realignment . . . . .  | <u>8,978</u>     | <u>41</u>      | <u>1,312</u>            | <u>212</u>                    | <u>–</u>                 | <u>2,513</u>           | <u>13,056</u>    |
| At December 31, 2022,<br>net of accumulated depreciation and impairment . . . . . | <u>2,921,411</u> | <u>17,253</u>  | <u>1,149,701</u>        | <u>65,520</u>                 | <u>203,838</u>           | <u>49,392</u>          | <u>4,407,115</u> |
| At December 31, 2022:   |                  |                |                         |                               |                          |                        |                  |
| Cost . . . . .  | 3,802,186        | 63,156         | 2,169,592               | 230,899                       | 203,838                  | 49,392                 | 6,519,063        |
| Accumulated depreciation . . . . .  | (880,775)        | (45,736)       | (992,428)               | (164,726)                     | –                        | –                      | (2,083,665)      |
| Accumulated impairment . . . . .  | –                | (167)          | (27,463)                | (653)                         | –                        | –                      | (28,283)         |
| Net carrying amount . . . . .   | <u>2,921,411</u> | <u>17,253</u>  | <u>1,149,701</u>        | <u>65,520</u>                 | <u>203,838</u>           | <u>49,392</u>          | <u>4,407,115</u> |

## APPENDIX I

## ACCOUNTANTS’ REPORT

|   | Buildings        | Motor vehicles | Machinery and equipment | Office equipment and fixtures | Construction in progress | Freehold overseas land | Total            |
|---|------------------|----------------|-------------------------|-------------------------------|--------------------------|------------------------|------------------|
|   | RMB'000          | RMB'000        | RMB'000                 | RMB'000                       | RMB'000                  | RMB'000                | RMB'000          |
| <b>December 31, 2023</b>  |                  |                |                         |                               |                          |                        |                  |
| At January 1, 2023:   |                  |                |                         |                               |                          |                        |                  |
| Cost . . . . .  | 3,802,186        | 63,156         | 2,169,592               | 230,899                       | 203,838                  | 49,392                 | 6,519,063        |
| Accumulated depreciation . . . .  | (880,775)        | (45,736)       | (992,428)               | (164,726)                     | –                        | –                      | (2,083,665)      |
| Accumulated impairment . . . . .  | –                | (167)          | (27,463)                | (653)                         | –                        | –                      | (28,283)         |
| Net carrying amount . . . . .   | <u>2,921,411</u> | <u>17,253</u>  | <u>1,149,701</u>        | <u>65,520</u>                 | <u>203,838</u>           | <u>49,392</u>          | <u>4,407,115</u> |
| At January 1, 2023,<br>net of accumulated depreciation and impairment . . . . .   | 2,921,411        | 17,253         | 1,149,701               | 65,520                        | 203,838                  | 49,392                 | 4,407,115        |
| Additions . . . . .   | 936              | 27,656         | 100,544                 | 25,336                        | 172,953                  | –                      | 327,425          |
| Transfers . . . . .   | 99,468           | 863            | 2,595                   | 8,170                         | (111,096)                | –                      | –                |
| Depreciation provided during the year . . . . .                                   | (190,066)        | (7,558)        | (195,355)               | (22,450)                      | –                        | –                      | (415,429)        |
| Disposals . . . . .   | (6,671)          | (397)          | (2,719)                 | (362)                         | –                        | –                      | (10,149)         |
| Exchange realignment . . . . .  | 5,945            | 36             | 760                     | (214)                         | –                        | 1,456                  | 7,983            |
| At December 31, 2023,<br>net of accumulated depreciation and impairment . . . . . | <u>2,831,023</u> | <u>37,853</u>  | <u>1,055,526</u>        | <u>76,000</u>                 | <u>265,695</u>           | <u>50,848</u>          | <u>4,316,945</u> |
| At December 31, 2023:   |                  |                |                         |                               |                          |                        |                  |
| Cost . . . . .  | 3,901,851        | 86,127         | 2,252,320               | 261,508                       | 265,695                  | 50,848                 | 6,818,349        |
| Accumulated depreciation . . . .  | (1,070,828)      | (48,107)       | (1,169,817)             | (184,855)                     | –                        | –                      | (2,473,607)      |
| Accumulated impairment . . . . .  | –                | (167)          | (26,977)                | (653)                         | –                        | –                      | (27,797)         |
| Net carrying amount . . . . .   | <u>2,831,023</u> | <u>37,853</u>  | <u>1,055,526</u>        | <u>76,000</u>                 | <u>265,695</u>           | <u>50,848</u>          | <u>4,316,945</u> |



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## ACCOUNTANTS’ REPORT

|   | Buildings        | Motor vehicles | Machinery and equipment | Office equipment and fixtures | Construction in progress | Overseas land | Total            |
|---|------------------|----------------|-------------------------|-------------------------------|--------------------------|---------------|------------------|
|   | RMB'000          | RMB'000        | RMB'000                 | RMB'000                       | RMB'000                  | RMB'000       | RMB'000          |
| <b>December 31, 2024</b>  |                  |                |                         |                               |                          |               |                  |
| At January 1, 2024:   |                  |                |                         |                               |                          |               |                  |
| Cost . . . . .  | 3,901,851        | 86,127         | 2,252,320               | 261,508                       | 265,695                  | 50,848        | 6,818,349        |
| Accumulated depreciation . . . . .  | (1,070,828)      | (48,107)       | (1,169,817)             | (184,855)                     | –                        | –             | (2,473,607)      |
| Accumulated impairment . . . . .  | –                | (167)          | (26,977)                | (653)                         | –                        | –             | (27,797)         |
| Net carrying amount . . . . .   | <u>2,831,023</u> | <u>37,853</u>  | <u>1,055,526</u>        | <u>76,000</u>                 | <u>265,695</u>           | <u>50,848</u> | <u>4,316,945</u> |
| At January 1, 2024,<br>net of accumulated depreciation and impairment . . . . .   | 2,831,023        | 37,853         | 1,055,526               | 76,000                        | 265,695                  | 50,848        | 4,316,945        |
| Additions . . . . .   | 45,805           | 12,340         | 360,905                 | 45,101                        | 662,543                  | –             | 1,126,694        |
| Transfers . . . . .   | 128,312          | 2,825          | 94,569                  | 1,364                         | (227,070)                | –             | –                |
| Depreciation provided during the year . . . . .                                   | (187,119)        | (11,804)       | (218,042)               | (21,929)                      | –                        | –             | (438,894)        |
| Disposals . . . . .   | –                | (201)          | (7,555)                 | (245)                         | –                        | –             | (8,001)          |
| Exchange realignment . . . . .  | 5,980            | 149            | 1,581                   | 443                           | –                        | 1,294         | 9,447            |
| At December 31, 2024,<br>net of accumulated depreciation and impairment . . . . . | <u>2,824,001</u> | <u>41,162</u>  | <u>1,286,984</u>        | <u>100,734</u>                | <u>701,168</u>           | <u>52,142</u> | <u>5,006,191</u> |
| At December 31, 2024:   |                  |                |                         |                               |                          |               |                  |
| Cost . . . . .  | 4,082,285        | 97,995         | 2,669,328               | 305,804                       | 701,168                  | 52,142        | 7,908,722        |
| Accumulated depreciation . . . . .  | (1,258,284)      | (56,666)       | (1,355,367)             | (204,417)                     | –                        | –             | (2,874,734)      |
| Accumulated impairment . . . . .  | –                | (167)          | (26,977)                | (653)                         | –                        | –             | (27,797)         |
| Net carrying amount . . . . .   | <u>2,824,001</u> | <u>41,162</u>  | <u>1,286,984</u>        | <u>100,734</u>                | <u>701,168</u>           | <u>52,142</u> | <u>5,006,191</u> |

## APPENDIX I

## ACCOUNTANTS’ REPORT

|   | Buildings        | Motor<br>vehicles | Machinery<br>and<br>equipment | Official<br>equipment<br>and fixtures | Construction<br>in progress | Overseas<br>land | Total            |
|---|------------------|-------------------|-------------------------------|---------------------------------------|-----------------------------|------------------|------------------|
|   | RMB'000          | RMB'000           | RMB'000                       | RMB'000                               | RMB'000                     | RMB'000          | RMB'000          |
| <b>March 31, 2025</b>   |                  |                   |                               |                                       |                             |                  |                  |
| At January 1, 2025:   |                  |                   |                               |                                       |                             |                  |                  |
| Cost . . . . .  | 4,082,285        | 97,995            | 2,669,328                     | 305,804                               | 701,168                     | 52,142           | 7,908,722        |
| Accumulated<br>depreciation . . . .   | (1,258,284)      | (56,666)          | (1,355,367)                   | (204,417)                             | –                           | –                | (2,874,734)      |
| Accumulated<br>impairment . . . . .   | –                | (167)             | (26,977)                      | (653)                                 | –                           | –                | (27,797)         |
| Net carrying<br>amount . . . . .  | <u>2,824,001</u> | <u>41,162</u>     | <u>1,286,984</u>              | <u>100,734</u>                        | <u>701,168</u>              | <u>52,142</u>    | <u>5,006,191</u> |
| At January 1, 2025,<br>net of accumulated<br>depreciation and<br>impairment . . . . . | 2,824,001        | 41,162            | 1,286,984                     | 100,734                               | 701,168                     | 52,142           | 5,006,191        |
| Additions . . . . .   | 9,315            | 1,239             | 47,555                        | 10,293                                | 144,827                     | –                | 213,229          |
| Transfers . . . . .   | 392,833          | –                 | 231,156                       | 1,603                                 | (625,592)                   | –                | –                |
| Depreciation<br>provided during<br>the period . . . . .                               | (48,211)         | (3,311)           | (58,440)                      | (7,442)                               | –                           | –                | (117,404)        |
| Disposals . . . . .   | –                | (4)               | (500)                         | (23)                                  | –                           | –                | (527)            |
| Exchange<br>realignment . . . . .   | (18)             | (4)               | 40                            | 41                                    | –                           | (4)              | 55               |
| At March 31, 2025,<br>net of accumulated<br>depreciation and<br>impairment . . . . .  | <u>3,177,920</u> | <u>39,082</u>     | <u>1,506,795</u>              | <u>105,206</u>                        | <u>220,403</u>              | <u>52,138</u>    | <u>5,101,544</u> |
| At March 31, 2025:  |                  |                   |                               |                                       |                             |                  |                  |
| Cost . . . . .  | 4,484,415        | 98,445            | 2,922,751                     | 316,268                               | 220,403                     | 52,138           | 8,094,420        |
| Accumulated<br>depreciation . . . .   | (1,306,495)      | (59,196)          | (1,388,979)                   | (210,409)                             | –                           | –                | (2,965,079)      |
| Accumulated<br>impairment . . . . .   | –                | (167)             | (26,977)                      | (653)                                 | –                           | –                | (27,797)         |
| Net carrying<br>amount . . . . .  | <u>3,177,920</u> | <u>39,082</u>     | <u>1,506,795</u>              | <u>105,206</u>                        | <u>220,403</u>              | <u>52,138</u>    | <u>5,101,544</u> |

As at December 31, 2022, 2023 and 2024 and March 31, 2025, certain of the Group’s buildings with aggregate net carrying values of approximately RMB1,995,540,000, RMB751,361,000, RMB716,581,000 and RMB691,520,000, respectively, were pledged to secure certain interest-bearing bank borrowings and bank facilities of the Group (note 30).

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## ACCOUNTANTS’ REPORT

### 15. INVESTMENT PROPERTY

The Group

|   | <b>Buildings</b> | <b>Land use rights</b> | <b>Total</b>   |
|---|------------------|------------------------|----------------|
|   | <i>RMB'000</i>   | <i>RMB'000</i>         | <i>RMB'000</i> |
| <b>December 31, 2022</b>  |                  |                        |                |
| At January 1, 2022:   |                  |                        |                |
| Cost . . . . .  | 386,026          | 160,869                | 546,895        |
| Accumulated depreciation . . . . .                              | (143,079)        | (42,362)               | (185,441)      |
| Net carrying amount . . . . .                                   | <u>242,947</u>   | <u>118,507</u>         | <u>361,454</u> |
| At January 1, 2022, net of accumulated depreciation . . . . .   | 242,947          | 118,507                | 361,454        |
| Additions . . . . .   | 8,980            | –                      | 8,980          |
| Depreciation provided during the year . . . . .                 | (18,324)         | (3,217)                | (21,541)       |
| At December 31, 2022, net of accumulated depreciation . . . . . | <u>233,603</u>   | <u>115,290</u>         | <u>348,893</u> |
| At December 31, 2022:   |                  |                        |                |
| Cost . . . . .  | 395,006          | 160,869                | 555,875        |
| Accumulated depreciation . . . . .                              | (161,403)        | (45,579)               | (206,982)      |
| Net carrying amount . . . . .                                   | <u>233,603</u>   | <u>115,290</u>         | <u>348,893</u> |

|   | <b>Buildings</b> | <b>Land use rights</b> | <b>Total</b>   |
|---|------------------|------------------------|----------------|
|   | <i>RMB'000</i>   | <i>RMB'000</i>         | <i>RMB'000</i> |
| <b>December 31, 2023</b>  |                  |                        |                |
| At January 1, 2023:   |                  |                        |                |
| Cost . . . . .  | 395,006          | 160,869                | 555,875        |
| Accumulated depreciation . . . . .                              | (161,403)        | (45,579)               | (206,982)      |
| Net carrying amount . . . . .                                   | <u>233,603</u>   | <u>115,290</u>         | <u>348,893</u> |
| At January 1, 2023, net of accumulated depreciation . . . . .   | 233,603          | 115,290                | 348,893        |
| Additions . . . . .   | 28,350           | –                      | 28,350         |
| Depreciation provided during the year . . . . .                 | (20,671)         | (3,217)                | (23,888)       |
| At December 31, 2023, net of accumulated depreciation . . . . . | <u>241,282</u>   | <u>112,073</u>         | <u>353,355</u> |
| At December 31, 2023:   |                  |                        |                |
| Cost . . . . .  | 423,356          | 160,869                | 584,225        |
| Accumulated depreciation . . . . .                              | (182,074)        | (48,796)               | (230,870)      |
| Net carrying amount . . . . .                                   | <u>241,282</u>   | <u>112,073</u>         | <u>353,355</u> |

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## ACCOUNTANTS’ REPORT

|   | Buildings        | Land use rights       | Total           |
|---|------------------|-----------------------|-----------------|
|   | <i>RMB'000</i>   | <i>RMB'000</i>        | <i>RMB'000</i>  |
| <b>December 31, 2024</b>  |                  |                       |                 |
| At January 1, 2024:   |                  |                       |                 |
| Cost . . . . .  | 423,356          | 160,869               | 584,225         |
| Accumulated depreciation. . . . .                               | (182,074)        | (48,796)              | (230,870)       |
| Net carrying amount . . . . .                                   | <u>241,282</u>   | <u>112,073</u>        | <u>353,355</u>  |
| At January 1, 2024, net of accumulated depreciation . . . . .   | 241,282          | 112,073               | 353,355         |
| Additions . . . . .   | 2,281            | –                     | 2,281           |
| Depreciation provided during the year . . . . .                 | <u>(20,930)</u>  | <u>(3,217)</u>        | <u>(24,147)</u> |
| At December 31, 2024, net of accumulated depreciation . . . . . | <u>222,633</u>   | <u>108,856</u>        | <u>331,489</u>  |
| At December 31, 2024:   |                  |                       |                 |
| Cost . . . . .  | 425,637          | 160,869               | 586,506         |
| Accumulated depreciation . . . . .                              | (203,004)        | (52,013)              | (255,017)       |
| Net carrying amount . . . . .                                   | <u>222,633</u>   | <u>108,856</u>        | <u>331,489</u>  |
|   | <b>Buildings</b> | <b>Land use right</b> | <b>Total</b>    |
|   | <i>RMB'000</i>   | <i>RMB'000</i>        | <i>RMB'000</i>  |
| <b>March 31, 2025</b>   |                  |                       |                 |
| At January 1, 2025:   |                  |                       |                 |
| Cost . . . . .  | 425,637          | 160,869               | 586,506         |
| Accumulated depreciation. . . . .                               | (203,004)        | (52,013)              | (255,017)       |
| Net carrying amount . . . . .                                   | <u>222,633</u>   | <u>108,856</u>        | <u>331,489</u>  |
| At January 1, 2025, net of accumulated depreciation . . . . .   | 222,633          | 108,856               | 331,489         |
| Additions. . . . .  | 416              | –                     | 416             |
| Depreciation provided during the period. . . . .                | <u>(5,995)</u>   | <u>(65)</u>           | <u>(6,060)</u>  |
| At March 31, 2025, net of accumulated depreciation . . . . .    | <u>217,054</u>   | <u>108,791</u>        | <u>325,845</u>  |
| At March 31, 2025:  |                  |                       |                 |
| Cost . . . . .  | 426,053          | 160,869               | 586,922         |
| Accumulated depreciation. . . . .                               | (208,999)        | (52,078)              | (261,077)       |
| Net carrying amount . . . . .                                   | <u>217,054</u>   | <u>108,791</u>        | <u>325,845</u>  |

The Group’s investment property is measured using a cost model and depreciated to write off its costs net of estimated residual values over its estimated useful life on a straight-line basis.

The Group’s investment property is located on the land in the PRC with a land use right period of 50 years for self-owned property.

There were no items of investment property pledged during the Relevant Periods.

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## ACCOUNTANTS’ REPORT

Fair values of the investment property as at the end of each of the Relevant Periods are as follows:

|                                      | As at December 31, |         |         | As at March 31, |
|--------------------------------------|--------------------|---------|---------|-----------------|
|                                      | 2022               | 2023    | 2024    | 2025            |
|                                      | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| Investment property in the PRC . . . | 580,640            | 549,160 | 515,378 | 507,340         |

The fair values of the Group’s investment property as at the end of each of the Relevant Periods are determined by valuations conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Ltd., an independent professionally qualified valuer. Under the valuation models, an income approach has been adopted for this industrial property.

The income approach is based on the net rental income of this industrial property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases.

The fair value estimations for the self-owned property (including the related leasehold land) were at Level 3 of the fair value hierarchy. There were no transfers of fair value measurements into or out of Level 3 during each of the Relevant Periods.

### 16. LEASES

#### The Group as a lessee

The Group has lease contracts mainly for various items of land use rights and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 years and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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

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

The Group

|   | Land use rights | Buildings | Total     |
|---|-----------------|-----------|-----------|
|   | RMB'000         | RMB'000   | RMB'000   |
| As at January 1, 2022 . . . . .                 | 1,078,793       | 7,361     | 1,086,154 |
| Additions . . . . .                             | –               | 3,206     | 3,206     |
| Depreciation provided . . . . .                 | (25,652)        | (5,204)   | (30,856)  |
| Disposals . . . . .                             | (82,078)        | –         | (82,078)  |
| Early cancellation of leases . . . . .          | –               | (106)     | (106)     |
| Exchange realignment . . . . .                  | –               | (84)      | (84)      |
| As at December 31, 2022 and January 1, 2023 . . | 971,063         | 5,173     | 976,236   |
| As at December 31, 2022 and January 1, 2023 . . | 971,063         | 5,173     | 976,236   |
| Additions . . . . .                             | 68,430          | 13,991    | 82,421    |
| Depreciation provided . . . . .                 | (25,717)        | (5,609)   | (31,326)  |
| Early cancellation of leases . . . . .          | –               | (239)     | (239)     |
| Exchange realignment . . . . .                  | –               | (66)      | (66)      |
| As at December 31, 2023 and January 1, 2024 . . | 1,013,776       | 13,250    | 1,027,026 |
| As at December 31, 2023 and January 1, 2024 . . | 1,013,776       | 13,250    | 1,027,026 |
| Additions . . . . .                             | 105,135         | 130,904   | 236,039   |
| Depreciation provided . . . . .                 | (27,068)        | (18,775)  | (45,843)  |

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## ACCOUNTANTS’ REPORT

|   | Land use rights | Buildings | Total     |
|---|-----------------|-----------|-----------|
|   | RMB'000         | RMB'000   | RMB'000   |
| Exchange realignment . . . . .                  | –               | 55        | 55        |
| As at December 31, 2024 . . . . .               | 1,091,843       | 125,434   | 1,217,277 |
| As at December 31, 2024 and January 1, 2025 . . | 1,091,843       | 125,434   | 1,217,277 |
| Additions . . . . .                             | –               | 16,445    | 16,445    |
| Depreciation provided . . . . .                 | (7,156)         | (7,596)   | (14,752)  |
| Early cancellation of leases . . . . .          | –               | (2,002)   | (2,002)   |
| Exchange realignment . . . . .                  | –               | (278)     | (278)     |
| As at March 31, 2025 . . . . .                  | 1,084,687       | 132,003   | 1,216,690 |

As at December 31, 2022, 2023 and 2024 and March 31, 2025, certain of the land use rights with aggregate net carrying values of approximately RMB731,648,000, RMB442,502,000, RMB432,797,000 and RMB369,233,000, respectively, were pledged to secure certain interest-bearing bank borrowings and bank facilities of the Group (note 30).

### (b) Lease liabilities

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

#### The Group

|   | 2022    | 2023    | 2024     | 2025    |
|---|---------|---------|----------|---------|
|   | RMB'000 | RMB'000 | RMB'000  | RMB'000 |
| Carrying amount at the beginning of the year/period . . . . .     | 7,215   | 5,058   | 10,728   | 117,902 |
| New leases . . . . .  | 3,206   | 13,991  | 130,904  | 16,445  |
| Accretion of interest recognized during the year/period . . . . . | 236     | 110     | 1,314    | 1,268   |
| Payments . . . . .  | (5,483) | (8,188) | (25,027) | (6,439) |
| Early cancellation of lease . . . . .                             | (74)    | (246)   | –        | (2,141) |
| Exchange realignment . . . . .                                    | (42)    | 3       | (17)     | 6       |
| Carrying amount at the end of the year/period . . . . .           | 5,058   | 10,728  | 117,902  | 127,041 |
| Analyzed into:  |         |         |          |         |
| Current portion . . . . .   | 4,625   | 6,190   | 29,902   | 31,979  |
| Non-current portion . . . . .                                     | 433     | 4,538   | 88,000   | 95,062  |

The maturity analysis of lease liabilities is disclosed as follow:

|  | As at December 31, |         |         | As at March 31, |
|--|--------------------|---------|---------|-----------------|
|  | 2022               | 2023    | 2024    | 2025            |
|  | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| Withing one year . . . . .                       | 4,625              | 6,190   | 29,902  | 31,979          |
| In the second year . . . . .                     | 433                | 4,538   | 13,664  | 15,918          |
| In the third to fifth years, inclusive . . . . . | –                  | –       | 25,074  | 35,789          |
| Beyond five years . . . . .                      | –                  | –       | 49,262  | 43,355          |
| Total . . . . .                                  | 5,058              | 10,728  | 117,902 | 127,041         |

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- (c) The amounts recognized in profit or loss in relation to leases are as follows:

The Group

|  | Year ended December 31, |               |                | Three months ended March 31, |               |
|--|-------------------------|---------------|----------------|------------------------------|---------------|
|  | 2022                    | 2023          | 2024           | 2024                         | 2025          |
|  | RMB'000                 | RMB'000       | RMB'000        | RMB'000<br>(unaudited)       | RMB'000       |
| Interest on lease liabilities . . . . .                  | 236                     | 110           | 1,314          | 358                          | 1,268         |
| Depreciation charge of right-of-use assets . . . . .     | 30,856                  | 31,326        | 45,843         | 12,036                       | 14,752        |
| Expense relating to short-term leases . . . . .          | 42,502                  | 34,025        | 54,805         | 11,429                       | 30,194        |
| Expense relating to leases of low-value assets . . . . . | 118                     | 1,187         | 2,104          | –                            | 93            |
| Loss/(gain) on early cancellation of lease . . . . .     | 32                      | (7)           | –              | –                            | (139)         |
| Total amount recognized in profit or loss . . . . .      | <u>73,744</u>           | <u>66,641</u> | <u>104,066</u> | <u>23,823</u>                | <u>46,168</u> |

- (d) The total cash outflow for leases is disclosed in note 36 to the Historical Financial Information.

### The Group as a lessor

#### (1) Rental income from investment property

The Group leases its investment property (note 15) consisting an industrial property in mainland China under operating lease arrangements with leases negotiated from terms ranging from one to ten years.

|                         | Year ended December 31, |               |               | Three months ended March 31, |              |
|-------------------------|-------------------------|---------------|---------------|------------------------------|--------------|
|                         | 2022                    | 2023          | 2024          | 2024                         | 2025         |
|                         | RMB'000                 | RMB'000       | RMB'000       | RMB'000<br>(unaudited)       | RMB'000      |
| Rental income . . . . . | <u>15,972</u>           | <u>31,018</u> | <u>38,160</u> | <u>9,705</u>                 | <u>8,547</u> |

The undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

|   | As at December 31, |                |                | As at March 31, |  |
|---|--------------------|----------------|----------------|-----------------|--|
|   | 2022               | 2023           | 2024           | 2025            |  |
|   | RMB'000            | RMB'000        | RMB'000        | RMB'000         |  |
| Within one year . . . . .                         | 20,295             | 39,567         | 33,893         | 35,927          |  |
| After one year but within two years . . . . .     | 16,496             | 30,860         | 31,661         | 33,139          |  |
| After two years but within three years . . . . .  | 5,455              | 24,371         | 22,120         | 21,193          |  |
| After three years but within four years . . . . . | 5,455              | 19,032         | 13,315         | 10,977          |  |
| After four years but within five years . . . . .  | 3,255              | 10,718         | 5,535          | 4,935           |  |
| After five years . . . . .                        | 1,075              | 16,403         | 14,312         | 13,313          |  |
| Total . . . . .                                   | <u>52,031</u>      | <u>140,951</u> | <u>120,836</u> | <u>119,484</u>  |  |

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## ACCOUNTANTS’ REPORT

### (2) Rental income from property, plant and equipment

The Group leases its properties consisting of buildings in mainland China under operating lease arrangements with leases negotiated from terms ranging from one to three years.

|                       | Year ended December 31, |         |         | Three months ended March 31, |         |
|-----------------------|-------------------------|---------|---------|------------------------------|---------|
|                       | 2022                    | 2023    | 2024    | 2024                         | 2025    |
|                       | RMB'000                 | RMB'000 | RMB'000 | RMB'000<br>(unaudited)       | RMB'000 |
| Rental income . . . . | 15,200                  | 18,289  | 13,947  | 4,792                        | 2,430   |

The undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

|   | As at December 31, |         |         | As at March 31, |
|---|--------------------|---------|---------|-----------------|
|   | 2022               | 2023    | 2024    | 2025            |
|   | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| Within one year . . . . .                           | 13,039             | 11,297  | 2,044   | 944             |
| After one year but within<br>two years . . . . .    | 11,532             | 53      | 470     | 734             |
| After two years but within<br>three years . . . . . | 71                 | 11      | 287     | 423             |
| Total . . . . .                                     | 24,642             | 11,361  | 2,801   | 2,101           |

The Group has items of property, plant and equipment subject to an operating lease. These assets subject to an operating lease (by class of underlying asset), separate from owned assets held and used by the lessor, are as follows:

|   | Buildings |
|---|-----------|
|   | RMB'000   |
| <b>December 31, 2022</b>  |           |
| At January 1, 2022:   |           |
| Cost . . . . .  | 14,215    |
| Accumulated depreciation . . . . .                              | (8,121)   |
| Net carrying amount . . . . .                                   | 6,094     |
| At January 1, 2022, net of accumulated depreciation . . . . .   | 6,094     |
| Depreciation provided during the year . . . . .                 | (626)     |
| At December 31, 2022, net of accumulated depreciation . . . . . | 5,468     |
| At December 31, 2022:   |           |
| Cost . . . . .  | 14,215    |
| Accumulated depreciation . . . . .                              | (8,747)   |
| Net carrying amount . . . . .                                   | 5,468     |
| <b>December 31, 2023</b>  |           |
| At January 1, 2023:   |           |
| Cost . . . . .  | 14,215    |
| Accumulated depreciation . . . . .                              | (8,747)   |
| Net carrying amount . . . . .                                   | 5,468     |
| At January 1, 2023, net of accumulated depreciation . . . . .   | 5,468     |
| Additions . . . . .   | 5,714     |
| Depreciation provided during the year . . . . .                 | (1,098)   |
| At December 31, 2023, net of accumulated depreciation . . . . . | 10,084    |



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|   | <b>Buildings</b> |
|---|------------------|
|   | <i>RMB’000</i>   |
| At December 31, 2023:   |                  |
| Cost . . . . .  | 42,104           |
| Accumulated depreciation . . . . .                              | (32,020)         |
| Net carrying amount . . . . .                                   | <u>10,084</u>    |
| <b>December 31, 2024</b>  |                  |
| At January 1, 2024:   |                  |
| Cost . . . . .  | 42,104           |
| Accumulated depreciation . . . . .                              | (32,020)         |
| Net carrying amount . . . . .                                   | <u>10,084</u>    |
| At January 1, 2024, net of accumulated depreciation . . . . .   | 10,084           |
| Depreciation provided during the year . . . . .                 | (2,120)          |
| At December 31, 2024, net of accumulated depreciation . . . . . | <u>7,964</u>     |
| At December 31, 2024:   |                  |
| Cost . . . . .  | 42,104           |
| Accumulated depreciation . . . . .                              | (34,140)         |
| Net carrying amount . . . . .                                   | <u>7,964</u>     |
| <b>March 31, 2025</b>   |                  |
| At January 1, 2025:   |                  |
| Cost . . . . .  | 42,104           |
| Accumulated depreciation . . . . .                              | (34,140)         |
| Net carrying amount . . . . .                                   | <u>7,964</u>     |
| At January 1, 2025, net of accumulated depreciation . . . . .   | 7,964            |
| Depreciation provided during the period . . . . .               | (78)             |
| At March 31, 2025, net of accumulated depreciation . . . . .    | <u>7,886</u>     |
| At March 31, 2025:  |                  |
| Cost . . . . .  | 42,104           |
| Accumulated depreciation . . . . .                              | (34,218)         |
| Net carrying amount . . . . .                                   | <u>7,886</u>     |

### 17. INTANGIBLE ASSETS

The Group

|   | <b>Software</b> | <b>Patent</b>  | <b>Total</b>   |
|---|-----------------|----------------|----------------|
|   | <i>RMB’000</i>  | <i>RMB’000</i> | <i>RMB’000</i> |
| <b>December 31, 2022</b>  |                 |                |                |
| At January 1, 2022:   |                 |                |                |
| Cost . . . . .  | 114,566         | —              | 114,566        |
| Accumulated amortization . . . . .  | (43,550)        | —              | (43,550)       |
| Accumulated impairment . . . . .  | (2,808)         | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>68,208</u>   | <u>—</u>       | <u>68,208</u>  |
| At January 1, 2022, net of accumulated<br>amortization and impairment . . . . .   | 68,208          | —              | 68,208         |
| Additions . . . . .   | 3,475           | —              | 3,475          |
| Amortization provided during the year . . . . .                                   | (10,056)        | —              | (10,056)       |
| Exchange realignment . . . . .  | (21)            | —              | (21)           |
| At December 31, 2022, net of accumulated<br>amortization and impairment . . . . . | <u>61,606</u>   | <u>—</u>       | <u>61,606</u>  |

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|   | Software       | Patent         | Total          |
|---|----------------|----------------|----------------|
|   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| At December 31, 2022:   |                |                |                |
| Cost . . . . .  | 118,020        | —              | 118,020        |
| Accumulated amortization . . . . .  | (53,606)       | —              | (53,606)       |
| Accumulated impairment . . . . .  | (2,808)        | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>61,606</u>  | <u>—</u>       | <u>61,606</u>  |
| <b>December 31, 2023</b>  |                |                |                |
| At January 1, 2023:   |                |                |                |
| Cost . . . . .  | 118,020        | —              | 118,020        |
| Accumulated amortization . . . . .  | (53,606)       | —              | (53,606)       |
| Accumulated impairment . . . . .  | (2,808)        | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>61,606</u>  | <u>—</u>       | <u>61,606</u>  |
| At January 1, 2023, net of accumulated<br>amortization and impairment . . . . .   | 61,606         | —              | 61,606         |
| Additions . . . . .   | 18,729         | —              | 18,729         |
| Amortization provided during the year . . . . .                                   | (10,353)       | —              | (10,353)       |
| Disposals . . . . .   | (1,259)        | —              | (1,259)        |
| Exchange realignment . . . . .  | (6)            | —              | (6)            |
| At December 31, 2023, net of accumulated<br>amortization and impairment . . . . . | <u>68,717</u>  | <u>—</u>       | <u>68,717</u>  |
| At December 31, 2023:   |                |                |                |
| Cost . . . . .  | 135,484        | —              | 135,484        |
| Accumulated amortization . . . . .  | (63,959)       | —              | (63,959)       |
| Accumulated impairment . . . . .  | (2,808)        | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>68,717</u>  | <u>—</u>       | <u>68,717</u>  |

The Group

|   | Software       | Patent         | Total          |
|---|----------------|----------------|----------------|
|   | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| <b>December 31, 2024</b>  |                |                |                |
| At January 1, 2024:   |                |                |                |
| Cost . . . . .  | 135,484        | —              | 135,484        |
| Accumulated amortization . . . . .  | (63,959)       | —              | (63,959)       |
| Accumulated impairment . . . . .  | (2,808)        | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>68,717</u>  | <u>—</u>       | <u>68,717</u>  |
| At January 1, 2024, net of accumulated<br>amortization and impairment . . . . .   | 68,717         | —              | 68,717         |
| Additions . . . . .   | 33,474         | 272,600        | 306,074        |
| Amortization provided during the year . . . . .                                   | (13,307)       | (38,943)       | (52,250)       |
| Disposals . . . . .   | (340)          | —              | (340)          |
| Exchange realignment . . . . .  | 2              | —              | 2              |
| At December 31, 2024, net of accumulated<br>amortization and impairment . . . . . | <u>88,546</u>  | <u>233,657</u> | <u>322,203</u> |
| At December 31, 2024:   |                |                |                |
| Cost . . . . .  | 165,024        | 272,600        | 437,624        |
| Accumulated amortization . . . . .  | (73,670)       | (38,943)       | (112,613)      |
| Accumulated impairment . . . . .  | (2,808)        | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>88,546</u>  | <u>233,657</u> | <u>322,203</u> |

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|   | Software      | Patent         | Total          |
|---|---------------|----------------|----------------|
|   | RMB'000       | RMB'000        | RMB'000        |
| <b>March 31, 2025</b>   |               |                |                |
| At January 1, 2025:   |               |                |                |
| Cost . . . . .  | 165,024       | 272,600        | 437,624        |
| Accumulated amortization . . . . .  | (73,670)      | (38,943)       | (112,613)      |
| Accumulated impairment . . . . .  | (2,808)       | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>88,546</u> | <u>233,657</u> | <u>322,203</u> |
| At January 1, 2025, net of accumulated<br>amortization and impairment . . . . . | 88,546        | 233,657        | 322,203        |
| Additions . . . . .   | 4,299         | —              | 4,299          |
| Amortization provided during the period . . . .                                 | (4,036)       | (9,736)        | (13,772)       |
| Exchange realignment . . . . .  | 43            | —              | 43             |
| At March 31, 2025, net of accumulated<br>amortization and impairment . . . . .  | <u>88,852</u> | <u>223,921</u> | <u>312,773</u> |
| At March 31, 2025:  |               |                |                |
| Cost . . . . .  | 169,366       | 272,600        | 441,966        |
| Accumulated amortization . . . . .  | (77,706)      | (48,679)       | (126,385)      |
| Accumulated impairment . . . . .  | (2,808)       | —              | (2,808)        |
| Net carrying amount . . . . .   | <u>88,852</u> | <u>223,921</u> | <u>312,773</u> |

### 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

|  | As at December 31, |                |                  | As at March 31,  |
|--|--------------------|----------------|------------------|------------------|
|  | 2022               | 2023           | 2024             | 2025             |
|  | RMB'000            | RMB'000        | RMB'000          | RMB'000          |
| <b>Current</b>                         |                    |                |                  |                  |
| Value-added-tax recoverable . . . . .  | 506,967            | 198,162        | 896,828          | 728,673          |
| Prepayments . . . . .                  | 182,784            | 176,131        | 408,117          | 467,111          |
| Deposits and other receivables . . . . | 23,025             | 106,524        | 122,774          | 115,132          |
| Deferred [REDACTED] expenses . .       | —                  | —              | 3,472            | 5,182            |
| Others . . . . .                       | 25,836             | 31,289         | 30,178           | 38,798           |
|  | <u>738,612</u>     | <u>512,106</u> | <u>1,461,369</u> | <u>1,354,896</u> |
| Impairment allowance . . . . .         | (18,742)           | (14,698)       | (13,336)         | (14,932)         |
|  | <u>719,870</u>     | <u>497,408</u> | <u>1,448,033</u> | <u>1,339,964</u> |
| <b>Non-current</b>                     |                    |                |                  |                  |
| Prepayments for equipment . . . . .    | <u>20,392</u>      | <u>86,354</u>  | <u>172,399</u>   | <u>140,746</u>   |

Impairment of other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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Reconciliation of the allowance for deposits and other receivables is as follows:

As at December 31, 2022

|  | 12-month ECLs | Lifetime ECLs |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Stage 1       | Stage 2       | Stage 3       | Total         |
|  | RMB'000       | RMB'000       | RMB'000       | RMB'000       |
| At January 1, 2022 . . . . .             | 686           | 2,360         | 16,001        | 19,047        |
| Impairment (reversal)/loss . . . . .     | (311)         | (1,759)       | 1,765         | (305)         |
| <b>As at December 31, 2022 . . . . .</b> | <b>375</b>    | <b>601</b>    | <b>17,766</b> | <b>18,742</b> |

As at December 31, 2023

|  | 12-month ECLs | Lifetime ECLs |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Stage 1       | Stage 2       | Stage 3       | Total         |
|  | RMB'000       | RMB'000       | RMB'000       | RMB'000       |
| At January 1, 2023 . . . . .             | 375           | 601           | 17,766        | 18,742        |
| Impairment loss/(reversal) . . . . .     | 1,120         | 48            | (5,212)       | (4,044)       |
| <b>As at December 31, 2023 . . . . .</b> | <b>1,495</b>  | <b>649</b>    | <b>12,554</b> | <b>14,698</b> |

As at December 31, 2024

|  | 12-month ECLs | Lifetime ECLs |               |               |
|--|---------------|---------------|---------------|---------------|
|  | Stage 1       | Stage 2       | Stage 3       | Total         |
|  | RMB'000       | RMB'000       | RMB'000       | RMB'000       |
| At January 1, 2024 . . . . .             | 1,495         | 649           | 12,554        | 14,698        |
| Impairment (reversal)/loss . . . . .     | (779)         | 118           | (701)         | (1,362)       |
| <b>As at December 31, 2024 . . . . .</b> | <b>716</b>    | <b>767</b>    | <b>11,853</b> | <b>13,336</b> |

As at March 31, 2025

|                                       | 12-month ECLs | Lifetime ECLs |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | Stage 1       | Stage 2       | Stage 3       | Total         |
|                                       | RMB'000       | RMB'000       | RMB'000       | RMB'000       |
| At January 1, 2025 . . . . .          | 716           | 767           | 11,853        | 13,336        |
| Impairment loss/(reversal) . . . . .  | 713           | 2,551         | (1,668)       | 1,596         |
| <b>As at March 31, 2025 . . . . .</b> | <b>1,429</b>  | <b>3,318</b>  | <b>10,185</b> | <b>14,932</b> |

### 19. INVENTORIES

The Group

|                                     | As at December 31, |                  |                  | As at March 31,  |
|-------------------------------------|--------------------|------------------|------------------|------------------|
|                                     | 2022               | 2023             | 2024             | 2025             |
|                                     | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Finished goods . . . . .            | 1,773,654          | 1,745,886        | 3,890,577        | 3,152,705        |
| Finished goods in transit . . . . . | 405,177            | 185,527          | 405,671          | 639,399          |
| Raw materials . . . . .             | 399,323            | 434,942          | 936,380          | 912,093          |
| Work in progress . . . . .          | 263,783            | 341,550          | 646,213          | 523,238          |
|                                     | <b>2,841,937</b>   | <b>2,707,905</b> | <b>5,878,841</b> | <b>5,227,435</b> |

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### 20. TRADE AND BILLS RECEIVABLES

The Group

|                                       | As at December 31, |                  |                  | As at March 31,  |
|---------------------------------------|--------------------|------------------|------------------|------------------|
|                                       | 2022               | 2023             | 2024             | 2025             |
|                                       | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Trade receivables . . . . .           | 866,552            | 1,270,782        | 2,221,953        | 4,142,971        |
| Impairment . . . . .                  | (72,943)           | (67,962)         | (109,379)        | (157,339)        |
| Trade receivables, net . . . . .      | 793,609            | 1,202,820        | 2,112,574        | 3,985,632        |
| Bills receivable . . . . .            | 633,933            | 742,082          | 890,856          | 778,942          |
| Trade and bills receivables . . . . . | <u>1,427,542</u>   | <u>1,944,902</u> | <u>3,003,430</u> | <u>4,764,574</u> |

The Group’s trading terms with its customers are mainly on credit. The credit term is generally from one to four months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing. Bills receivable are aged within six months.

An ageing analysis of the Group’s trade receivables, based on the revenue recognition date and net of loss allowance, is as follows:

|                           | As at December 31, |                  |                  | As at March 31,  |
|---------------------------|--------------------|------------------|------------------|------------------|
|                           | 2022               | 2023             | 2024             | 2025             |
|                           | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Within 3 months . . . . . | 732,895            | 1,037,203        | 1,987,016        | 3,680,236        |
| 3 to 6 months . . . . .   | 41,989             | 121,221          | 84,672           | 265,758          |
| 6 to 12 months . . . . .  | 15,550             | 36,907           | 39,772           | 37,866           |
| 1 to 2 years . . . . .    | 3,109              | 6,784            | 1,114            | 1,772            |
| 2 to 3 years . . . . .    | 66                 | 705              | –                | –                |
| Total . . . . .           | <u>793,609</u>     | <u>1,202,820</u> | <u>2,112,574</u> | <u>3,985,632</u> |

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

|   | As at December 31, |               |                | As at March 31, |
|---|--------------------|---------------|----------------|-----------------|
|   | 2022               | 2023          | 2024           | 2025            |
|   | RMB'000            | RMB'000       | RMB'000        | RMB'000         |
| At beginning of the year/period . . .             | 66,426             | 72,943        | 67,962         | 109,379         |
| Impairment losses, net . . . . .                  | 11,069             | (4,531)       | 43,286         | 47,960          |
| Amounts written off as<br>uncollectible . . . . . | (4,552)            | (450)         | (1,869)        | –               |
| At end of the year/period . . . . .               | <u>72,943</u>      | <u>67,962</u> | <u>109,379</u> | <u>157,339</u>  |

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. To measure the expected credit losses, trade receivables have been assessed on an individual basis for debtors in severe financial difficulty, or by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience, based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information.

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The information about the credit risk exposure on the Group’s trade receivables are set out below:

As at December 31, 2022

|  | Expected credit<br>loss rate | Gross<br>carrying amount | Expected<br>credit losses | Net<br>carrying amount |
|--|------------------------------|--------------------------|---------------------------|------------------------|
|  |                              | RMB'000                  | RMB'000                   | RMB'000                |
| Provision on a collective basis:       |                              |                          |                           |                        |
| Aged within 1 year . . . . .           | 1.49%                        | 802,375                  | (11,941)                  | 790,434                |
| Aged 1 to 2 years . . . . .            | 40.81%                       | 5,253                    | (2,144)                   | 3,109                  |
| Aged 2 to 3 years . . . . .            | 99.67%                       | 19,945                   | (19,879)                  | 66                     |
| Aged over 3 years . . . . .            | 100.00%                      | 16,272                   | (16,272)                  | –                      |
| Provision on an individual basis . . . | 100.00%                      | 22,707                   | (22,707)                  | –                      |
|  |                              | <u>866,552</u>           | <u>(72,943)</u>           | <u>793,609</u>         |

As at December 31, 2023

|  | Expected credit<br>loss rate | Gross<br>carrying amount | Expected<br>credit losses | Net<br>carrying amount |
|--|------------------------------|--------------------------|---------------------------|------------------------|
|  |                              | RMB'000                  | RMB'000                   | RMB'000                |
| Provision on a collective basis:       |                              |                          |                           |                        |
| Aged within 1 year . . . . .           | 1.74%                        | 1,216,491                | (21,160)                  | 1,195,331              |
| Aged 1 to 2 years . . . . .            | 47.67%                       | 12,965                   | (6,181)                   | 6,784                  |
| Aged 2 to 3 years . . . . .            | 74.59%                       | 2,774                    | (2,069)                   | 705                    |
| Aged over 3 years . . . . .            | 100.00%                      | 15,150                   | (15,150)                  | –                      |
| Provision on an individual basis . . . | 100.00%                      | 23,402                   | (23,402)                  | –                      |
|  |                              | <u>1,270,782</u>         | <u>(67,962)</u>           | <u>1,202,820</u>       |

As at December 31, 2024

|  | Expected credit<br>loss rate | Gross<br>carrying amount | Expected<br>credit losses | Net<br>carrying amount |
|--|------------------------------|--------------------------|---------------------------|------------------------|
|  |                              | RMB'000                  | RMB'000                   | RMB'000                |
| Provision on a collective basis:       |                              |                          |                           |                        |
| Aged within 1 year . . . . .           | 1.88%                        | 2,151,844                | (40,384)                  | 2,111,460              |
| Aged 1 to 2 years . . . . .            | 94.29%                       | 19,533                   | (18,419)                  | 1,114                  |
| Aged 2 to 3 years . . . . .            | 100.00%                      | 9,381                    | (9,381)                   | –                      |
| Aged over 3 years . . . . .            | 100.00%                      | 17,808                   | (17,808)                  | –                      |
| Provision on an individual basis . . . | 100.00%                      | 23,387                   | (23,387)                  | –                      |
|  |                              | <u>2,221,953</u>         | <u>(109,379)</u>          | <u>2,112,574</u>       |

As at March 31, 2025

|  | Expected credit<br>loss rate | Gross<br>carrying amount | Expected<br>credit losses | Net<br>carrying amount |
|--|------------------------------|--------------------------|---------------------------|------------------------|
|  |                              | RMB'000                  | RMB'000                   | RMB'000                |
| Provision on a collective basis:       |                              |                          |                           |                        |
| Aged within 1 year . . . . .           | 1.63%                        | 4,050,014                | (66,154)                  | 3,983,860              |
| Aged 1 to 2 years . . . . .            | 94.30%                       | 31,061                   | (29,289)                  | 1,772                  |
| Aged 2 to 3 years . . . . .            | 100.00%                      | 11,014                   | (11,014)                  | –                      |
| Aged over 3 years . . . . .            | 100.00%                      | 36,733                   | (36,733)                  | –                      |
| Provision on an individual basis . . . | 100.00%                      | 14,149                   | (14,149)                  | –                      |
|  |                              | <u>4,142,971</u>         | <u>(157,339)</u>          | <u>3,985,632</u>       |

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### 21. RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

|  | As at December 31, |                |                | As at March 31,  |
|--|--------------------|----------------|----------------|------------------|
|  | 2022               | 2023           | 2024           | 2025             |
|  | RMB'000            | RMB'000        | RMB'000        | RMB'000          |
| Bills receivable at fair value through other comprehensive income . . . .    | 13,500             | 60,603         | 171,046        | 107,176          |
| Trade receivables at fair value through other comprehensive income . . . . . | 142,407            | 610,003        | 793,760        | 1,798,235        |
| Total . . . . .  | <u>155,907</u>     | <u>670,606</u> | <u>964,806</u> | <u>1,905,411</u> |

The movements in the loss allowance for impairment of trade receivables at fair value through other comprehensive income are as follows:

|                                       | As at December 31, |               |               | As at March 31, |
|---------------------------------------|--------------------|---------------|---------------|-----------------|
|                                       | 2022               | 2023          | 2024          | 2025            |
|                                       | RMB'000            | RMB'000       | RMB'000       | RMB'000         |
| At beginning of year/period . . . . . | 4,872              | 7,183         | 12,793        | 14,102          |
| Impairment losses, net . . . . .      | <u>2,311</u>       | <u>5,610</u>  | <u>1,309</u>  | <u>18,316</u>   |
| At end of year/period . . . . .       | <u>7,183</u>       | <u>12,793</u> | <u>14,102</u> | <u>32,418</u>   |

All the receivables at fair value through other comprehensive income are aged within six months.

### 22. TRANSFERS OF FINANCIAL ASSETS

#### Transferred financial assets that are not derecognized in their entirety

At December 31, 2022, 2023 and 2024 and March 31, 2025, the Group endorsed certain bills receivables accepted by banks in mainland China (the “Endorsed Bills”) with carrying amounts of RMB632,021,000, RMB510,660,000 and RMB695,245,000 and RMB1,308,415,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the Company’s directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognize the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate amounts of the trade payables settled by the Endorsed Bills to which the suppliers have recourse were RMB1,339,046,000, RMB1,398,064,000, RMB2,142,247,000 and RMB705,998,000 during the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

At December 31, 2022, 2023 and 2024 and March 31, 2025, the Group discounted certain bills receivables accepted by banks in mainland China (the “Discounted Bills”) with carrying amounts of nil, nil, RMB61,982,000 and RMB41,982,000, respectively (the “Discounting”). In the opinion of the Company’s directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognize the full carrying amounts of the Discounted Bills and the associated bank borrowings. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate amounts of the Discounted Bills to which the banks have recourse were RMB540,000,000, nil, RMB386,900,000 and RMB46,407,000 during the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively.

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## ACCOUNTANTS’ REPORT

### Transferred financial assets that are derecognized in their entirety

At December 31, 2022, 2023 and 2024 and March 31, 2025, the Group endorsed certain bills receivables accepted by banks in mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB2,386,391,000, RMB3,475,664,000, RMB1,348,224,000 and RMB562,615,000, respectively, and discounted certain bills receivables accepted by banks in mainland China (the “Derecognized Bills”) with carrying amounts of nil, RMB1,178,399,000, RMB811,076,000 and RMB102,983,000, respectively. The Derecognized Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, disregarding the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

During the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2024 and 2025, the Group has recognized losses of RMB13,030,000, RMB25,283,000, RMB21,537,000, RMB6,007,000 (unaudited) and RMB3,874,000, respectively, which represent the difference between the face amount of the Derecognized Bills and the consideration received from the banks that determined by the discount rate ranging from 1.0% to 2.5% per annum and the remaining period of the Derecognized Bills.

### 23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

|   | As at December 31, |               |                | As at March 31, |
|---|--------------------|---------------|----------------|-----------------|
|   | 2022               | 2023          | 2024           | 2025            |
|   | RMB'000            | RMB'000       | RMB'000        | RMB'000         |
| Assets:   |                    |               |                |                 |
| Forward currency contracts . . . . .                      | 38,728             | 15,584        | –              | –               |
| Futures contracts for the purchase<br>of copper . . . . . | –                  | 5,178         | –              | 41,290          |
| Total . . . . .   | <u>38,728</u>      | <u>20,762</u> | <u>–</u>       | <u>41,290</u>   |
| Liabilities:  |                    |               |                |                 |
| Forward currency contracts . . . . .                      | –                  | 238           | 144,578        | 69,981          |
| Futures contracts for the purchase<br>of copper . . . . . | –                  | –             | 28,792         | –               |
|   | <u>–</u>           | <u>238</u>    | <u>173,370</u> | <u>69,981</u>   |

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at fair value through profit or loss.

#### Cash flow hedge – futures contracts for the purchase of copper

Futures contracts for the purchase of copper are designated as hedging instruments in cash flow hedges of forecast purchases of copper. These forecast transactions are highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the futures contracts for the purchase of copper match the terms of the expected highly probable forecast transactions. To measure the hedge effectiveness, the Group compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.



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During the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, hedging gains of nil, nil, RMB55,192,000 and RMB65,896,000, respectively, were recognized in other comprehensive income, and nil, nil, RMB83,984,000 and RMB4,186,000, respectively, were removed from cash flow hedge reserve and included in the initial cost of the hedged asset (inventories).

All the other derivative instruments of the Group do not qualify for hedge accounting, thus, changes in the fair value of which are recognized immediately in “other income and gains” or “other expenses” in profit or loss.

### 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance as at March 31, 2025 represents structured deposits issued by a commercial bank in Mainland China, which were accounted for as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. These structured deposits are with a maturity of 6 months and their yield are linked to foreign currency exchange rate.

### 25. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

The Group

|   | As at December 31, |             |             | As at March 31, |
|---|--------------------|-------------|-------------|-----------------|
|   | 2022               | 2023        | 2024        | 2025            |
|   | RMB'000            | RMB'000     | RMB'000     | RMB'000         |
| Cash and bank balances . . . . .  | 2,389,724          | 5,610,379   | 2,907,756   | 3,708,047       |
| Pledged deposits . . . . .  | 600,834            | 2,047,769   | 2,264,362   | 2,621,775       |
| Subtotal . . . . .  | 2,990,558          | 7,658,148   | 5,172,118   | 6,329,822       |
| Less: Short-term bank deposits with original maturities of over three months and due within one year* . . . . . | (258,456)          | (507,549)   | –           | (583,634)       |
| Pledged deposits for bills payable*:  |                    |             |             |                 |
| Current portion . . . . .   | (600,834)          | (1,231,371) | (1,424,909) | (2,621,775)     |
| Non-current portion** . . . . .   | –                  | (816,398)   | (839,453)   | –               |
| Cash and cash equivalents . . . . .   | 2,131,268          | 5,102,830   | 2,907,756   | 3,124,413       |
| Denominated in  |                    |             |             |                 |
| RMB . . . . .   | 1,646,834          | 4,848,870   | 1,186,163   | 1,892,534       |
| USD . . . . .   | 396,864            | 189,872     | 1,436,547   | 943,607         |
| Euro (“EUR”) . . . . .  | 43,638             | 56,038      | 152,328     | 116,212         |
| THB . . . . .   | 41,628             | 5,903       | 33,615      | 45,370          |
| MYR . . . . .   | –                  | 376         | 71,833      | 92,884          |
| Others . . . . .  | 2,304              | 1,771       | 27,270      | 33,806          |
|   | 2,131,268          | 5,102,830   | 2,907,756   | 3,124,413       |

The Company

|                              | As at December 31, | As at March 31, |
|------------------------------|--------------------|-----------------|
|                              | 2024               | 2025            |
|                              | RMB'000            | RMB'000         |
| Bank balances . . . . .      | 177,811            | 179,224         |
| Denominated in USD . . . . . | 177,811            | 179,224         |

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- \* Except for short-term bank deposits with original maturities of over three months and due within one year of RMB258,456,000, RMB507,549,000 and nil as at December 31, 2022, 2023 and 2024 are denominated in USD, RMB400,815,000 and RMB6,379,000 as at March 31, 2025 are denominated in Japanese Yen and THB, respectively, all the other balances are denominated in RMB.
- \*\* The non-current portion of pledged deposits as at December 31, 2023 and 2024 are with a maturity between 30 months and 36 months.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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26. DEFERRED TAX

(a) Deferred tax assets

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

|   | Accrued expenses | Warranty provision | Tax losses | Contract liabilities | Impairment for financial assets | Deferred income | Employee benefits | Derivative financial instruments | Lease liabilities | Others  | 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, 2022                       | 69,765           | 113,937            | 389,863    | 80,286               | 25,442                          | 29,165          | 26,097            | 238                              | 15,738            | 49,531  | 800,062   |
| Deferred tax (charged)/credited             | (2,413)          | 2,869              | (186,268)  | 17,360               | (1,564)                         | (6,162)         | 4,902             | (238)                            | (9,666)           | 1,248   | (179,932) |
| As at December 31, 2022 and January 1, 2023 | 67,352           | 116,806            | 203,595    | 97,646               | 23,878                          | 23,003          | 30,999            | –                                | 6,072             | 50,779  | 620,130   |
| Deferred tax credited/(charged)             | 71,837           | 5,469              | (153,201)  | (21,572)             | (3,420)                         | 3,949           | 3,063             | 36                               | (3,509)           | 13,029  | (84,319)  |
| As at December 31, 2023 and January 1, 2024 | 139,189          | 122,275            | 50,394     | 76,074               | 20,458                          | 26,952          | 34,062            | 36                               | 2,563             | 63,808  | 535,811   |
| Deferred tax (charged)/credited             | (31,753)         | 867                | 5,203      | 13,415               | 5,790                           | (3,662)         | 7,429             | 42,283                           | 38,262            | 35,353  | 113,187   |
| At December 31, 2024                        | 107,436          | 123,142            | 55,597     | 89,489               | 26,248                          | 23,290          | 41,491            | 42,319                           | 40,825            | 99,161  | 648,998   |
| Deferred tax credited/(charged)             | 14,989           | 2,943              | (6,640)    | 19,941               | 12,970                          | 9,677           | 2,809             | (27,895)                         | (4,765)           | 14,851  | 38,880    |
| At March 31, 2025                           | 122,425          | 126,085            | 48,957     | 109,430              | 39,218                          | 32,967          | 44,300            | 14,424                           | 36,060            | 114,012 | 687,878   |

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## (b) Deferred tax liabilities

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

|  | Temporary<br>differences in<br>depreciation of<br>fixed assets | Derivative<br>financial<br>instruments | Accrued<br>interest of<br>pledged<br>deposits | Right-of-use<br>assets | Others   | Total    |
|--|--|--|---|------------------------|----------|----------|
|  | RMB '000   | RMB '000                               | RMB '000                                      | RMB '000               | RMB '000 | RMB '000 |
| As at January 1, 2022. . . . .                               | 20,672   | 9,077                                  | –   | 15,742                 | 705      | 46,196   |
| Deferred tax charged/(credited) ( <i>note II</i> ) . . . . . | 12,185   | (104)                                  | –   | (14,454)               | (344)    | (2,717)  |
| As at December 31, 2022 and January 1, 2023 . . . . .        | 32,857   | 8,973                                  | –   | 1,288                  | 361      | 43,479   |
| Deferred tax charged/(credited) ( <i>note II</i> ) . . . . . | 9,953  | (3,783)                                | 4,100   | 1,867                  | (146)    | 11,991   |
| As at December 31, 2023 and January 1, 2024 . . . . .        | 42,810   | 5,190                                  | 4,100   | 3,155                  | 215      | 55,470   |
| Deferred tax charged/(credited) ( <i>note II</i> ) . . . . . | 111,800  | (5,190)                                | 5,763   | 36,716                 | (215)    | 148,874  |
| At December 31, 2024 . . . . .                               | 154,610  | –                                      | 9,863   | 39,871                 | –        | 204,344  |
| Deferred tax (credited)/charged ( <i>note II</i> ) . . . . . | (39,465)   | 10,323                                 | 1,418   | (2,941)                | –        | (30,665) |
| At March 31, 2025 . . . . .                                  | 115,145  | 10,323                                 | 11,281  | 36,930                 | –        | 173,679  |

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

|   | As at December 31, |         |         | As at March 31, |
|---|--------------------|---------|---------|-----------------|
|   | 2022               | 2023    | 2024    | 2025            |
|   | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| Net deferred tax assets recognized in the consolidated statements of financial position . . . . . | 576,651            | 480,341 | 498,699 | 535,078         |
| Net deferred tax liabilities recognized in the consolidated statements of financial position . .  | –                  | –       | 54,045  | 20,879          |

The total amounts of tax losses at December 31, 2022, 2023 and 2024 and March 31, 2025 were RMB1,094,849,000, RMB416,588,000, RMB363,594,000 and RMB386,451,000, respectively, most of which were generated within mainland China.

The amounts of unrecognized tax losses as at December 31, 2022, 2023 and 2024 and March 31, 2025 were RMB47,499,000, RMB105,523,000, RMB139,674,000 and RMB167,080,000, respectively, which will expire in five to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. The amounts of unrecognized temporary differences as at December 31, 2022, 2023 and 2024 and March 31, 2025 were RMB14,335,000, RMB26,724,000, RMB29,358,000 and RMB31,342,000. No deferred tax assets have been recognized in relation to these tax losses and temporary differences as it is not considered probable that taxable profit will be available against which these tax losses and temporary differences can be utilized.

### 27. TRADE AND BILLS PAYABLES

The Group

|                          | As at December 31, |                  |                   | As at March 31,   |
|--------------------------|--------------------|------------------|-------------------|-------------------|
|                          | 2022               | 2023             | 2024              | 2025              |
|                          | RMB'000            | RMB'000          | RMB'000           | RMB'000           |
| Trade payables . . . . . | 3,375,084          | 3,338,697        | 6,451,406         | 6,769,518         |
| Bills payable . . . . .  | 2,060,950          | 3,097,750        | 3,943,719         | 5,178,917         |
| Total . . . . .          | <u>5,436,034</u>   | <u>6,436,447</u> | <u>10,395,125</u> | <u>11,948,435</u> |

Bills payable are aged within six months. An ageing analysis of the trade payables, based on the invoice date, is as follows:

|                           | As at December 31, |                  |                  | As at March 31,  |
|---------------------------|--------------------|------------------|------------------|------------------|
|                           | 2022               | 2023             | 2024             | 2025             |
|                           | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Within 3 months . . . . . | 3,297,741          | 3,214,470        | 6,292,210        | 6,617,239        |
| 3 to 6 months . . . . .   | 48,013             | 97,301           | 125,223          | 133,068          |
| 6 to 12 months . . . . .  | 12,362             | 13,834           | 20,721           | 12,822           |
| 1 to 2 years . . . . .    | 8,519              | 5,109            | 4,600            | 2,594            |
| 2 to 3 years . . . . .    | 3,898              | 2,658            | 2,922            | 1,344            |
| Over 3 years . . . . .    | 4,551              | 5,325            | 5,730            | 2,451            |
| Total . . . . .           | <u>3,375,084</u>   | <u>3,338,697</u> | <u>6,451,406</u> | <u>6,769,518</u> |

The trade payables are non-interest-bearing and are normally settled on terms of one to three months.

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### 28. OTHER PAYABLES AND ACCRUALS

The Group

|   | As at December 31, |                  |                  | As at March 31,  |
|---|--------------------|------------------|------------------|------------------|
|   | 2022               | 2023             | 2024             | 2025             |
|   | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Current                                       |                    |                  |                  |                  |
| Sales rebate accruals and payables . . . . .  | 314,091            | 1,039,272        | 752,655          | 984,438          |
| Other accrued expenses . . . . .              | 326,572            | 379,566          | 395,337          | 440,589          |
| Deposits . . . . .                            | 545,252            | 608,185          | 806,964          | 842,306          |
| Payroll payables . . . . .                    | 389,964            | 491,445          | 582,358          | 498,637          |
| Equipment and construction payables . . . . . | 173,354            | 238,698          | 723,247          | 667,811          |
| Value-added tax payables . . . . .            | 68,918             | 187,343          | 225,601          | 240,104          |
| Other tax payables . . . . .                  | 49,524             | 59,144           | 63,612           | 65,578           |
| Others . . . . .                              | 96,560             | 94,950           | 93,188           | 65,818           |
| Accrual for [REDACTED] expenses . . . . .     | —                  | —                | 17,342           | 14,006           |
|   | <u>1,964,235</u>   | <u>3,098,603</u> | <u>3,660,304</u> | <u>3,819,287</u> |
| Non-current                                   |                    |                  |                  |                  |
| Equipment and construction payables . . . . . | —                  | —                | 109,040          | 109,040          |

Other current payables are unsecured, non-interest-bearing and repayable on demand.

### 29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

|  | As at December 31, |                  |                  | As at March 31,  |
|--|--------------------|------------------|------------------|------------------|
|  | 2022               | 2023             | 2024             | 2025             |
|  | RMB'000            | RMB'000          | RMB'000          | RMB'000          |
| Contract liabilities   |                    |                  |                  |                  |
| – advances received on sales of goods and services . . . . . | <u>1,330,375</u>   | <u>2,209,731</u> | <u>2,850,473</u> | <u>2,805,624</u> |

As at January 1, 2022, the carrying amount of contract liabilities was RMB1,056,873,000.

The Group’s contract liabilities are mainly related to short-term advances received to deliver goods and render installation services. The increase in contract liabilities in 2022, 2023 and 2024 was mainly due to the continuous growth in the scale of the Group’s operations in 2022, 2023 and 2024. The decrease in contract liabilities as at March 31, 2025 was mainly due to the fulfilment of the performance obligations of delivering goods during the three months ended March 31, 2025.

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### 30. INTEREST-BEARING BANK BORROWINGS

The Group

| As at December 31, 2022  |      |                            |           |                  |
|--|------|----------------------------|-----------|------------------|
|  | Note | Effective<br>interest rate | Maturity  | RMB’000          |
|  |      | (%)                        |           |                  |
| <b>Current</b>   |      |                            |           |                  |
| Bank loans – secured . . . . .                                   | (a)  | 3.00                       | 2023      | 300,000          |
| Bank loans – unsecured . . . . .                                 | (b)  | 1.29-3.45                  | 2023      | 762,303          |
| Total – current . . . . .  |      |                            |           | <u>1,062,303</u> |
| <b>Non-current</b>   |      |                            |           |                  |
| Bank loans – secured . . . . .                                   | (a)  | 3.65-3.85                  | 2024-2029 | 602,101          |
| Total – non-current . . . . .                                    |      |                            |           | <u>602,101</u>   |
| As at December 31, 2023  |      |                            |           |                  |
|  | Note | Effective<br>interest rate | Maturity  | RMB’000          |
|  |      | (%)                        |           |                  |
| <b>Current</b>   |      |                            |           |                  |
| Bank loans – unsecured . . . . .                                 |      | 0.65-2.75                  | 2024      | 1,200,444        |
| Total – current . . . . .  |      |                            |           | <u>1,200,444</u> |
| <b>Non-current</b>   |      |                            |           |                  |
| Bank loans – secured . . . . .                                   | (a)  | 3.65                       | 2029      | 880              |
| Total – non-current . . . . .                                    |      |                            |           | <u>880</u>       |
| As at December 31, 2024  |      |                            |           |                  |
|  | Note | Effective<br>interest rate | Maturity  | RMB’000          |
|  |      | (%)                        |           |                  |
| <b>Current</b>   |      |                            |           |                  |
| Bank loans – unsecured . . . . .                                 |      | 0.60-2.31                  | 2025      | 641,982          |
| Current portion of long term bank loans<br>– unsecured . . . . . |      | 2.60-2.65                  | 2025      | 15,859           |
| Total – current . . . . .  |      |                            |           | <u>657,841</u>   |
| <b>Non-current</b>   |      |                            |           |                  |
| Bank loans – secured . . . . .                                   | (a)  | 2.80-3.65                  | 2026-2029 | 50,640           |
| Bank loans – unsecured . . . . .                                 |      | 2.40-2.65                  | 2026-2027 | 844,853          |
| Total – non-current . . . . .                                    |      |                            |           | <u>895,493</u>   |

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| As at March 31, 2025  |      |                         |           |           |
|---|------|-------------------------|-----------|-----------|
|   | Note | Effective interest rate | Maturity  |           |
|   |      | (%)                     |           | RMB'000   |
| <b>Current</b>  |      |                         |           |           |
| Bank loans – unsecured . . . . .                              |      | 0.8-2.35                | 2025      | 1,492,982 |
| Current portion of long term bank loans – unsecured . . . . . |      | 2.35-3.65               | 2025-2026 | 14,850    |
| Total – current . . . . .                                     |      |                         |           | 1,507,832 |
| <b>Non-current</b>  |      |                         |           |           |
| Bank loans – secured . . . . .                                | (a)  | 2.35-3.65               | 2026-2029 | 50,540    |
| Bank loans – unsecured . . . . .                              |      | 2.35-2.65               | 2026-2027 | 749,849   |
| Total – non-current . . . . .                                 |      |                         |           | 800,389   |

An analysis of the carrying amounts of interest-bearing bank borrowings by type of interest rate is as follows:

|                                  | As at December 31, |           |           | As at March 31, |
|----------------------------------|--------------------|-----------|-----------|-----------------|
|                                  | 2022               | 2023      | 2024      | 2025            |
|                                  | RMB'000            | RMB'000   | RMB'000   | RMB'000         |
| Fixed interest rate . . . . .    | 1,327,524          | 800,444   | 900,640   | 1,515,640       |
| Variable interest rate . . . . . | 336,880            | 400,880   | 652,694   | 792,581         |
|                                  | 1,664,404          | 1,201,324 | 1,553,334 | 2,308,221       |

|                                    | As at December 31, |           |           | As at March 31, |
|------------------------------------|--------------------|-----------|-----------|-----------------|
|                                    | 2022               | 2023      | 2024      | 2025            |
|                                    | RMB'000            | RMB'000   | RMB'000   | RMB'000         |
| Bank loans repayable:              |                    |           |           |                 |
| Within one year or on demand . . . | 1,062,303          | 1,200,444 | 657,841   | 1,507,832       |
| In the second year . . . . .       | 194,130            | –         | 694,853   | 693,449         |
| In the third to fifth years,       |                    |           |           |                 |
| inclusive . . . . .                | 400,411            | –         | 200,640   | 106,940         |
| Beyond five years . . . . .        | 7,560              | 880       | –         | –               |
|                                    | 1,664,404          | 1,201,324 | 1,553,334 | 2,308,221       |

Note:

- As at December 31, 2022, 2023 and 2024 and March 31, 2025, interest-bearing bank borrowings with the amount of RMB902,101,000, RMB880,000, RMB50,640,000 and RMB50,540,000 were pledged by buildings (note 14) and land use rights (note 16(a)) of the Group, respectively.
- As at December 31, 2022, included in the Group’s interest-bearing bank borrowings was an amount due to a related party of RMB50,000,000, details of which were disclosed in note 40(d) to the Historical Financial Information.
- The above loan balances are all denominated in RMB.



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### 31. DEFERRED INCOME

|   | As at December 31, |          |          | As at March 31, |
|---|--------------------|----------|----------|-----------------|
|   | 2022               | 2023     | 2024     | 2025            |
|   | RMB'000            | RMB'000  | RMB'000  | RMB'000         |
| At the beginning of the year/period .   | 621,578            | 596,904  | 596,812  | 630,954         |
| Addition . . . . .                      | 25,261             | 47,316   | 90,276   | 11,545          |
| Amortization during the year/period .   | (49,935)           | (47,408) | (56,134) | (12,685)        |
| At the end of the year/period . . . . . | 596,904            | 596,812  | 630,954  | 629,814         |
| Current portion . . . . .               | 47,416             | 49,700   | 57,317   | 50,745          |
| Non-current portion . . . . .           | 549,488            | 547,112  | 573,637  | 579,069         |

### 32. PROVISION

|   | RMB'000   |
|---|-----------|
| At January 1, 2022 . . . . .                        | 493,587   |
| Additional provision . . . . .                      | 167,805   |
| Amounts utilized during the year . . . . .          | (164,574) |
| Exchange realignment . . . . .                      | 105       |
| At December 31, 2022 . . . . .                      | 496,923   |
| Portion classified as current liabilities . . . . . | (175,734) |
| Non-current portion . . . . .                       | 321,189   |
| At January 1, 2023 . . . . .                        | 496,923   |
| Additional provision . . . . .                      | 171,133   |
| Amounts utilized during the year . . . . .          | (157,870) |
| Exchange realignment . . . . .                      | 43        |
| At December 31, 2023 . . . . .                      | 510,229   |
| Portion classified as current liabilities . . . . . | (185,346) |
| Non-current portion . . . . .                       | 324,883   |
| At January 1, 2024 . . . . .                        | 510,229   |
| Additional provision . . . . .                      | 150,628   |
| Amounts utilized during the year . . . . .          | (138,824) |
| Exchange realignment . . . . .                      | 60        |
| At December 31, 2024 . . . . .                      | 522,093   |
| Portion classified as current liabilities . . . . . | (159,864) |
| Non-current portion . . . . .                       | 362,229   |
| At January 1, 2025 . . . . .                        | 522,093   |
| Additional provision . . . . .                      | 39,654    |
| Amounts utilized during the period . . . . .        | (24,075)  |
| Exchange realignment . . . . .                      | —*        |
| At March 31, 2025 . . . . .                         | 537,672   |
| Portion classified as current liabilities . . . . . | (164,828) |
| Non-current portion . . . . .                       | 372,844   |

The duration and terms of the product quality guarantee are provided in accordance with the laws and regulations relating to the product. The Group does not provide any additional services or product quality warranties, and therefore product quality warranties do not constitute separate performance obligations. The amount of the provision for the warranties is estimated based on contractual terms, historical experience on cost incurred on the past warranty claims and volumes of products sold. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

\* The amount is less than RMB1,000.

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## ACCOUNTANTS’ REPORT

### 33. SHARE CAPITAL

|   | Numbers of<br>ordinary shares | Amount |
|---|-------------------------------|--------|
|   | ’000                          | US\$   |
| Authorized:   |                               |        |
| As at January 1, 2022, December 31, 2022 and 2023 . . . . . | —                             | —      |
| Authorized ordinary shares of US\$0.000005 each . . . . .   | 10,000,000                    | 50,000 |
| As at December 31, 2024 and March 31, 2025 . . . . .        | 10,000,000                    | 50,000 |

A summary of the movements in the Company’s share capital is as follows:

|  | Numbers of<br>ordinary shares | Nominal<br>value of shares | Equivalent nominal<br>value of shares |
|--|-------------------------------|----------------------------|---------------------------------------|
|  | ’000                          | US\$                       | RMB’000                               |
| Issued and fully paid:   |                               |                            |                                       |
| As at January 1, 2022, December 31, 2022 and<br>2023 . . . . . | —                             | —                          | —                                     |
| Issue of ordinary shares of US\$0.000005 each . .              | 1,350,000                     | 6,750                      | 48                                    |
| As at December 31, 2024 and March 31, 2025 . .                 | 1,350,000                     | 6,750                      | 48                                    |

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 23, 2024. Upon its incorporation, one ordinary share was issued and allotted at par value, which was then transferred to AUX Holdings.

On November 22, 2024, the Company issued and allotted 1,300,921,249 ordinary shares to AUX Holdings. Upon such issuance, AUX Holdings held 1,300,921,250 ordinary shares of the Company.

On December 20, 2024, 49,078,750 ordinary shares were issued and allotted to offshore shareholding platforms (as detailed in note 35 to the Historical Financial Information) at an aggregated consideration of approximately US\$24.7 million (equivalent to approximately RMB177,811,000). The consideration was fully paid on December 24, 2024.

### 34. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity.

#### (i) Capital reserve

As at December 31, 2024 and March 31, 2025, the capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

#### (ii) Merger reserve

As at December 31, 2022 and 2023, the merger reserve represents the sum of share capital of China Bloom Industrial Co., Ltd. (the overseas holding company) and Ningbo AUX Electric Co., Ltd. (the domestic holding company), offset by (i) share capital of Ningbo Fenghe, which is the consideration paid to AUX Group for the share swap as detailed in the step 4 in the paragraph headed “Pre-[REDACTED] Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Document; and (ii) share capital of Ningbo Zezhong, both of which have been disposed of/transferred as part of the Reorganization.

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During the year ended December 31, 2024, consideration of RMB321,174,000 for the disposal of the entire equity interest in Ningbo Zezhong was received by the Group as deemed contribution from the ultimate controlling shareholder, and cash consideration of RMB14,426,000 for the share swap as detailed in the step 4 in the paragraph headed “Pre-[REDACTED] Reorganization” in the section headed “History, Reorganization and Corporate Structure” in the Document was paid by the Group as deemed distribution to the ultimate controlling shareholder.

### (iii) Reserve funds

In accordance with the Company Law of the PRC, certain subsidiaries of the Group, being domestic enterprises, are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their reserve funds until the reserve funds reach 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve funds may be converted to registered capital, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

The Company

A summary of the Company’s reserves is as follows:

|  | Capital reserve | Merger reserve | Retained profits | Total equity   |
|--|-----------------|----------------|------------------|----------------|
|  | RMB'000         | RMB'000        | RMB'000          | RMB'000        |
| As at January 1, 2022, December 31, 2022 and 2023 . . . . .    | —               | —              | —                | —              |
| Issue of ordinary shares (note 33) . .                         | 177,809         | —              | —                | 177,809        |
| Impact of the Reorganization . . . . .                         | —               | (46)           | —                | (46)           |
| As at December 31, 2024 . . . . .                              | <u>177,809</u>  | <u>(46)</u>    | <u>—</u>         | <u>177,763</u> |
| Profit and total comprehensive income for the period . . . . . | <u>—</u>        | <u>—</u>       | <u>1,592</u>     | <u>1,592</u>   |
| As at March 31, 2025 . . . . .                                 | <u>—</u>        | <u>—</u>       | <u>1,592</u>     | <u>179,355</u> |

On November 22, 2024, the Company acquired the entire equity interest in China Bloom Industrial Co., Ltd. from AUX Holdings and in consideration, the Company issued and allotted 1,300,921,249 shares to AUX Holdings. The Company’s merger reserve represents the difference between the carrying amount of the investment in China Bloom Industrial Co., Ltd. as at the acquisition date of less than RMB1,000 and the equivalent nominal value of the shares issued of approximately RMB46,000.

### 35. SHARE BASED PAYMENTS

For the purpose of awarding the employees and directors of the Group to secure their services and incentivize their maximum effort towards the Group’s success, the Group set up four limited partnerships in the PRC as onshore shareholding platforms.

In 2017, 2018 and 2022, 26,164,000 shares, 2,914,623 shares and 29,497,479 shares of Ningbo AUX Electric Co., Ltd. with par value of RMB1.00 each were granted to certain eligible participants and issued to the onshore shareholding platforms, the units of which were held by the grantees. Details of the granted restricted shares are as follows:

| Date of grant               | Number of shares | Subscription price per share | Fair value at grant date per share |
|-----------------------------|------------------|------------------------------|------------------------------------|
|                             |                  | RMB                          | RMB                                |
| October 11, 2017* . . . . . | 26,164,000       | 3.62                         | 17.14                              |
| August 31, 2018 . . . . .   | 2,914,623        | 1.65-1.67                    | 7.62                               |
| December 14, 2022 . . . . . | 29,497,479       | 2.39                         | 6.27                               |

\* Due to the increase of share capital by capitalization of capital reserve of Ningbo AUX Electric Co., Ltd in July 2018, the total number of shares has been adjusted on a 1:2.25 basis. The number of restricted shares granted in October 11, 2017 has been increased to 58,869,000.

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## ACCOUNTANTS’ REPORT

These restricted shares granted to grantees/employees shall be vested after 3 or 6 years since the completion of [REDACTED] of the Company’s shares.

In October 2024, as a step of the Reorganization, for the purpose of better administration and to complete the relevant overseas direct investment (ODI) procedure, four offshore shareholding platforms were established. The onshore shareholding platforms swapped the shares in Ningbo AUX Electric Co., Ltd. to the Company. In return, the offshore shareholding platforms held the shares of the Company upon the completion of the Reorganization. The awarded employees are now holding the units of the four offshore shareholding platforms which held the shares of the Company on behalf of them. Each eligible participant’s interests in the onshore shareholding platforms were reflected in such offshore shareholding platforms.

The following restricted shares were outstanding during the Relevant Periods:

|                                       | Number of<br>restricted shares |
|---------------------------------------|--------------------------------|
| At January 1, 2022 . . . . .          | 37,138,271                     |
| Granted during the year . . . . .     | 29,497,479                     |
| Forfeited during the year. . . . .    | (4,047,750)                    |
| At December 31, 2022 . . . . .        | <u>62,588,000</u>              |
| At January 1, 2023 . . . . .          | 62,588,000                     |
| Forfeited during the year. . . . .    | (2,706,000)                    |
| At December 31, 2023 . . . . .        | <u>59,882,000</u>              |
| At January 1, 2024 . . . . .          | 59,882,000                     |
| Forfeited during the year . . . . .   | (10,803,250)                   |
| At December 31, 2024 . . . . .        | <u>49,078,750</u>              |
| At January 1, 2025 . . . . .          | 49,078,750                     |
| Forfeited during the period . . . . . | —                              |
| At March 31, 2025 . . . . .           | <u>49,078,750</u>              |

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted less the subscription price paid by the eligible participants. The fair value of the shares granted is measured as the market value at the grant date, which is determined by an external valuer using discounted cash flow method, taking into account the terms and conditions upon which the restricted shares were granted.

During the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, the equity-settled share-based payment expenses of RMB7,455,000 and RMB24,298,000, RMB4,245,000 and RMB5,090,000 were charged to profit or loss, respectively.

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

#### (a) Major non-cash transactions

During the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,206,000, RMB13,991,000, RMB130,904,000 and RMB16,445,000, respectively, in respect of lease arrangements for buildings.

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

Year ended December 31, 2022

|  | Interest-bearing<br>bank borrowings | Lease liabilities | Amounts due to<br>related parties |
|--|-------------------------------------|-------------------|-----------------------------------|
|  | <i>RMB'000</i>                      | <i>RMB'000</i>    | <i>RMB'000</i>                    |
| At January 1, 2022 . . . . .                 | 4,627,516                           | 7,215             | 1,131,130                         |
| Changes from financing cash flows . . . . .  | (3,058,908)                         | (5,483)           | 112,408                           |
| New leases . . . . .                         | –                                   | 3,206             | –                                 |
| Interest expense ( <i>note 8</i> ) . . . . . | 95,796                              | 236               | –                                 |
| Early cancellation of leases . . . . .       | –                                   | (74)              | –                                 |
| Exchange realignment . . . . .               | –                                   | (42)              | –                                 |
| At December 31, 2022 . . . . .               | <u>1,664,404</u>                    | <u>5,058</u>      | <u>1,243,538</u>                  |

Year ended December 31, 2023

|  | Interest-bearing<br>bank borrowings | Lease liabilities | Amounts due to<br>related parties |
|--|-------------------------------------|-------------------|-----------------------------------|
|  | <i>RMB'000</i>                      | <i>RMB'000</i>    | <i>RMB'000</i>                    |
| At January 1, 2023 . . . . .                 | 1,664,404                           | 5,058             | 1,243,538                         |
| Changes from financing cash flows . . . . .  | (524,453)                           | (8,188)           | 250,514                           |
| New leases . . . . .                         | –                                   | 13,991            | –                                 |
| Interest expense ( <i>note 8</i> ) . . . . . | 61,373                              | 110               | –                                 |
| Early cancellation of leases . . . . .       | –                                   | (246)             | –                                 |
| Exchange realignment . . . . .               | –                                   | 3                 | –                                 |
| At December 31, 2023 . . . . .               | <u>1,201,324</u>                    | <u>10,728</u>     | <u>1,494,052</u>                  |

Year ended December 31, 2024

|  | Interest-bearing<br>bank borrowings | Lease liabilities | Amounts due to<br>related parties |
|--|-------------------------------------|-------------------|-----------------------------------|
|  | <i>RMB'000</i>                      | <i>RMB'000</i>    | <i>RMB'000</i>                    |
| At January 1, 2024 . . . . .                 | 1,201,324                           | 10,728            | 1,494,052                         |
| Changes from financing cash flows . . . . .  | 308,178                             | (25,027)          | (1,494,052)                       |
| New leases . . . . .                         | –                                   | 130,904           | –                                 |
| Interest expense ( <i>note 8</i> ) . . . . . | 43,832                              | 1,314             | –                                 |
| Exchange realignment . . . . .               | –                                   | (17)              | –                                 |
| At December 31, 2024 . . . . .               | <u>1,553,334</u>                    | <u>117,902</u>    | <u>–</u>                          |

Three months ended March 31, 2025

|  | Interest-bearing bank<br>borrowings | Lease liabilities |
|--|-------------------------------------|-------------------|
|  | <i>RMB'000</i>                      | <i>RMB'000</i>    |
| At January 1, 2025 . . . . .                 | 1,553,334                           | 117,902           |
| Changes from financing cash flows . . . . .  | 738,697                             | (6,439)           |
| New leases . . . . .                         | –                                   | 16,445            |
| Interest expense ( <i>note 8</i> ) . . . . . | 16,190                              | 1,268             |
| Early cancellation of leases . . . . .       | –                                   | (2,141)           |
| Exchange realignment . . . . .               | –                                   | 6                 |
| At March 31, 2025 . . . . .                  | <u>2,308,221</u>                    | <u>127,041</u>    |

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Three months ended March 31, 2024 (unaudited)

|   | Interest-bearing<br>bank borrowings | Lease liabilities | Amounts due to<br>related parties |
|---|-------------------------------------|-------------------|-----------------------------------|
|   | RMB'000                             | RMB'000           | RMB'000                           |
| At January 1, 2024 . . . . .                | 1,231,024                           | 10,728            | 1,494,052                         |
| Changes from financing cash flows . . . . . | 152,814                             | (3,331)           | (16,131)                          |
| New leases . . . . .                        | –                                   | 1,135             | –                                 |
| Interest expense (note 8) . . . . .         | 12,510                              | 358               | –                                 |
| Exchange realignment . . . . .              | –                                   | (6)               | –                                 |
| At March 31, 2024 (unaudited) . . . . .     | <u>1,396,348</u>                    | <u>8,884</u>      | <u>1,477,921</u>                  |

### (c) Total cash outflow for leases

|                                       | Year ended December 31, |                |                | Three months ended March 31, |               |
|---------------------------------------|-------------------------|----------------|----------------|------------------------------|---------------|
|                                       | 2022                    | 2023           | 2024           | 2024                         | 2025          |
|                                       | RMB'000                 | RMB'000        | RMB'000        | RMB'000                      | RMB'000       |
|                                       |                         |                |                | (unaudited)                  |               |
| Within operating activities . . . . . | 42,620                  | 35,212         | 56,909         | 11,429                       | 30,287        |
| Within investing activities . . . . . | –                       | 68,430         | 105,135        | 34,019                       | –             |
| Within financing activities . . . . . | 5,483                   | 8,188          | 25,027         | 3,333                        | 6,439         |
| Total . . . . .                       | <u>48,103</u>           | <u>111,830</u> | <u>187,071</u> | <u>48,781</u>                | <u>36,726</u> |

### 37. CONTINGENT LIABILITIES

On December 8, 2022, a company (the “Plaintiff”) filed a claim against Ningbo Aosheng Trading Co., Ltd. (an entity controlled by Mr. ZHENG Jianjiang), AUX Air Conditioner Co., Ltd. (a subsidiary of the Company) and five individuals, two of whom are the Group’s current employees and three of whom are the Group’s former employees, alleging infringement of the Plaintiff’s business secrets and technical secrets related to eight patents. The Plaintiff’s claims include (i) demanding that the defendants immediately cease infringing on the Plaintiff’s trade secrets and transfer the eight involved patents to the Plaintiff; and (ii) seeking compensation from the defendants for economic losses and reasonable rights protection costs totaling RMB99.0 million.

In April 2025, the Group received the first-instance decision from the court, which decided, among others, that (i) Ningbo Aosheng Trading Co., Ltd. and two of the individual defendants shall compensate the Plaintiff for its economic losses and reasonable expenses in the amount of RMB3.5 million, and (ii) the Group shall transfer the eight involved patents, which were not used in the production activities of the Group and were not capitalized in the consolidated statements of financial position of the Group, to the Plaintiff. As of the date of this report, Ningbo Aosheng Trading Co., Ltd. has filed an appeal against the decision.

The directors of the Company, based on the aforementioned decision, believe it is not probable that an outflow of resources will be required. Accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

### 38. PLEDGE OF ASSETS

Details of the Group’s buildings and land use rights pledged for the Group’s interest-bearing bank borrowings and bank facilities are included in notes 14 and 16(a) to the Historical Financial Information.

Details of the Group’s deposits pledged for the Group’s bills payable are included in note 25 to the Historical Financial Information.

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### 39. COMMITMENTS

The Group had the following contractual commitments at the end of each reporting period.

|                           | As at December 31, |                |                  | As at March 31, |
|---------------------------|--------------------|----------------|------------------|-----------------|
|                           | 2022               | 2023           | 2024             | 2025            |
|                           | RMB'000            | RMB'000        | RMB'000          | RMB'000         |
| Buildings . . . . .       | 341,758            | 292,629        | 781,328          | 539,034         |
| Machinery. . . . .        | 204,701            | 459,919        | 315,555          | 320,747         |
| Land use rights . . . . . | —                  | —              | —                | 35,070          |
| Total . . . . .           | <u>546,459</u>     | <u>752,548</u> | <u>1,096,883</u> | <u>894,851</u>  |

### 40. RELATED PARTY TRANSACTIONS

#### (a) Names of and relationships with related parties

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the Relevant Periods:

| Name of the related party  | Relationship with the Group                         |
|--|---|
| Mr. ZHENG Jianjiang . . . . .  | Director and controlling shareholder of the Company |
| Mr. ZHENG Jiang . . . . .  | Director of the Company                             |
| Mr. HE Xiwan . . . . .   | Director of the Company                             |
| AUX Holdings . . . . .   | Immediate parent company                            |
| China Prosper Enterprise Holding Co., Ltd.<br>(“China Prosper”) . . . . .            | Intermediate parent company                         |
| AUX Group . . . . .  | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Mingzhou Hospital Co., Ltd.* 寧波明州<br>醫院有限公司 . . . . .                         | Entity controlled by Mr. ZHENG Jianjiang            |
| Hangzhou Aux Real Estate Co., Ltd.* 杭州奧克<br>斯置業有限公司 . . . . .                        | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Yinzhou Mingao Pharmacy Co., Ltd.*<br>寧波市鄞州明奧大藥房有限公司 . . . . .                | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Mingzhou Puhua Pharmaceutical<br>Co., Ltd.* 寧波明州普華醫藥有限公司 . . . . .            | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Aux Intelligent Technology Co., Ltd.*<br>寧波奧克斯智能科技股份有限公司 . . . . .            | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Mingzhou Medical Group Co., Ltd.*<br>寧波明州醫療集團有限公司 . . . . .                   | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Aux Real Estate Co., Ltd.* 寧波奧克斯<br>置業有限公司 . . . . .                          | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Sanxing Medical Electric Co., Ltd.*<br>寧波三星醫療電氣股份有限公司 . . . . .               | Entity controlled by Mr. ZHENG Jianjiang            |
| Shu Yi Property Services Limited Co., Ltd.*<br>曙一物業服務有限公司 . . . . .                  | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo ShuYi Business Service Co., Ltd.*<br>寧波曙一商務服務有限公司 . . . . .                   | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Zezhong . . . . .   | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Fengtong Investment Co., Ltd.* 寧波豐<br>通投資有限公司 . . . . .                       | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Shengyao Enterprise Management<br>Co., Ltd.* 寧波聖耀企業管理有限公司 . . . . .           | Entity controlled by Mr. ZHENG Jianjiang            |
| Ningbo Aoneng Electric Co., Ltd* 寧波奧能電<br>氣有限公司 . . . . .                            | Entity controlled by Mr. ZHENG Jianjiang            |
| Jiangxi Longzhicheng Industry Co., Ltd.* 江西<br>省龍之丞實業有限公司 (“Longzhicheng”) . . . . . | Entity controlled by relatives of Mr. He Xiwan      |

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| Name of the related party  | Relationship with the Group  |
|--|--|
| Anhui Jiahuikai Intelligent Technology Co., Ltd.* 安徽嘉匯凱智能科技股份有限公司 (“Jiahuikai”) . . . . .                    | Entity controlled by relatives of Mr. ZHENG Jianjiang                            |
| Ningbo Wenbang Electronics Co., Ltd.* 寧波文邦電子有限公司 (“Wenbang”) . . . . .                                       | Entity controlled by relatives of Mr. ZHENG Jianjiang                            |
| Ningbo Dewei Electric Appliance Co., Ltd.* 寧波德偉電器有限公司 (“Dewei”) . . . . .                                    | A relative of Mr. ZHENG Jiang hold 20% of the equity interest in this entity     |
| Ningbo Furno HVAC Engineering Co., Ltd.* 寧波富諾暖通工程有限公司 (“Furno HVAC”) . . . . .                               | A relative of Mr. ZHENG Jianjiang hold 50% of the equity interest in this entity |
| Ningbo Yinzhou Rural Commercial Bank Co., Ltd.* 寧波鄞州農村商業銀行股份有限公司 (“Yinzhou Rural Commercial Bank”) . . . . . | Mr. ZHENG Jianjiang serves as a director in this entity                          |
| Ningbo Haishu Longguan Kunyuan Plastic Packaging Factory* 寧波市海曙龍觀坤源塑料包裝廠 (“Kunyuan”) . . . . .               | Business operated by a relative of Mr. HE Xiwan                                  |

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

### (b) Transactions with related parties

|  | Year ended December 31, |                |                | Three months ended March 31, |               |
|--|-------------------------|----------------|----------------|------------------------------|---------------|
|  | 2022                    | 2023           | 2024           | 2024                         | 2025          |
|  | RMB'000                 | RMB'000        | RMB'000        | RMB'000                      | RMB'000       |
|  |                         |                |                | (unaudited)                  |               |
| <b>Purchases of goods and services:</b>              |                         |                |                |                              |               |
| Longzhicheng . . . . .                               | 54,945                  | 106,614        | 126,361        | 31,849                       | 26,435        |
| Jiahuikai . . . . .                                  | 41,047                  | 65,888         | 110,846        | 22,973                       | 29,926        |
| Wenbang . . . . .                                    | 20,065                  | 44,913         | 42,077         | 10,086                       | 11,372        |
| Dewei . . . . .                                      | 18,527                  | 28,423         | 39,001         | 9,833                        | 9,710         |
| Entities controlled by Mr. ZHENG Jianjiang . . . . . | 6,466                   | 9,720          | 17,620         | 1,380                        | 23            |
| Kunyuan . . . . .                                    | 1,945                   | 2,995          | 3,106          | 1,110                        | 1,269         |
|  | <u>142,995</u>          | <u>258,553</u> | <u>339,011</u> | <u>77,231</u>                | <u>78,735</u> |
| <b>Sales of goods and rendering of services:</b>     |                         |                |                |                              |               |
| Entities controlled by Mr. ZHENG Jianjiang . . . . . | 10,689                  | 27,581         | 31,251         | 5,960                        | 4,969         |
| Furno HVAC . . . . .                                 | 16,823                  | 14,540         | 7,220          | 296                          | 939           |
|  | <u>27,512</u>           | <u>42,121</u>  | <u>38,471</u>  | <u>6,256</u>                 | <u>5,908</u>  |
| <b>Lease income:</b>                                 |                         |                |                |                              |               |
| Entities controlled by Mr. ZHENG Jianjiang . . . . . | 333                     | 1,403          | 2,953          | 842                          | 344           |
| <b>Lease expense for short-term leases:</b>          |                         |                |                |                              |               |
| Entities controlled by Mr. ZHENG Jianjiang . . . . . | 654                     | 254            | 392            | 87                           | —             |



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|   | Year ended December 31, |              |              | Three months ended March 31, |               |
|---|-------------------------|--------------|--------------|------------------------------|---------------|
|   | 2022                    | 2023         | 2024         | 2024                         | 2025          |
|   | RMB'000                 | RMB'000      | RMB'000      | RMB'000<br>(unaudited)       | RMB'000       |
| <b>Interest income:</b>                               |                         |              |              |                              |               |
| Entities controlled by<br>Mr. ZHENG Jianjiang .       | 18,810                  | –            | –            | –                            | –             |
| Yinzhou Rural Commercial<br>Bank . . . . .            | 491                     | 210          | 142          | 51                           | 14            |
|   | <u>19,301</u>           | <u>210</u>   | <u>142</u>   | <u>51</u>                    | <u>14</u>     |
| <b>Rental payments:</b>                               |                         |              |              |                              |               |
| Entities controlled by<br>Mr. ZHENG Jianjiang . .     | <u>2,598</u>            | <u>5,161</u> | <u>3,995</u> | <u>1,170</u>                 | <u>1,025</u>  |
| <b>Interest expense:</b>                              |                         |              |              |                              |               |
| Entities controlled by<br>Mr. ZHENG Jianjiang .       | 104                     | 38           | 284          | 70                           | 38            |
| Yinzhou Rural Commercial<br>Bank . . . . .            | 6,192                   | 425          | –            | –                            | –             |
|   | <u>6,296</u>            | <u>463</u>   | <u>284</u>   | <u>70</u>                    | <u>38</u>     |
| <b>Purchase of property,<br/>plant and equipment:</b> |                         |              |              |                              |               |
| Entities controlled by<br>Mr. ZHENG Jianjiang . .     | <u>791</u>              | <u>–</u>     | <u>–</u>     | <u>–</u>                     | <u>16,477</u> |

The above transactions were carried out between the Group and its related parties during the Relevant Periods and the three months ended March 31, 2024 at terms negotiated between the Group and the respective related parties.

### (c) Compensation of key management personnel of the Group

|   | Year ended December 31, |               |               | Three months ended March 31, |              |
|---|-------------------------|---------------|---------------|------------------------------|--------------|
|   | 2022                    | 2023          | 2024          | 2024                         | 2025         |
|   | RMB'000                 | RMB'000       | RMB'000       | RMB'000<br>(unaudited)       | RMB'000      |
| Salaries, allowances and<br>benefits in kind . . . . .          | 2,706                   | 4,107         | 4,032         | 1,112                        | 1,445        |
| Performance related<br>bonuses . . . . .                        | 9,361                   | 14,354        | 2,868         | 2,118                        | 1,581        |
| Pension scheme<br>contributions and social<br>welfare . . . . . | 39                      | 43            | 53            | 12                           | 13           |
| Equity-settled share-based<br>payment expenses . . . .          | <u>1,679</u>            | <u>4,100</u>  | <u>4,101</u>  | <u>1,025</u>                 | <u>1,025</u> |
|   | <u>13,785</u>           | <u>22,604</u> | <u>11,054</u> | <u>4,267</u>                 | <u>4,064</u> |

### (d) Balances with related parties

The following table sets forth the outstanding balances with related parties as of the dates indicated:

|                                   | As at December 31, |               |               | As at March 31, |
|-----------------------------------|--------------------|---------------|---------------|-----------------|
|                                   | 2022               | 2023          | 2024          | 2025            |
|                                   | RMB'000            | RMB'000       | RMB'000       | RMB'000         |
| <b>Bank balance*</b>              |                    |               |               |                 |
| Yinzhou Rural Commercial Bank . . | <u>230,466</u>     | <u>13,925</u> | <u>43,031</u> | <u>54,972</u>   |

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\* The balance is included in the “cash and bank balances” in the consolidated statements of financial position.

|  | As at December 31, |         |         | As at March 31, |
|--|--------------------|---------|---------|-----------------|
|  | 2022               | 2023    | 2024    | 2025            |
|  | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| <b>Amounts due from related parties:</b> |                    |         |         |                 |
| <b>Trade nature</b>                      |                    |         |         |                 |
| Entities controlled by Mr. ZHENG         |                    |         |         |                 |
| Jianjiang . . . . .                      | —                  | —       | 73      | 366**           |
|  | ==                 | ==      | ==      | ==              |
| <b>Non-trade nature</b>                  |                    |         |         |                 |
| China Prosper . . . . .                  | 107,459            | 97,135  | —       | —               |
| Mr. ZHENG Jianjiang . . . . .            | 31,526             | 32,341  | —       | —               |
| Entities controlled by Mr. ZHENG         |                    |         |         |                 |
| Jianjiang . . . . .                      | 2,529              | 7,525   | —       | —               |
|  | ==                 | ==      | ==      | ==              |
|  | 141,514            | 137,001 | —       | —               |
|  | ==                 | ==      | ==      | ==              |

\*\* The majority of the balances as at March 31, 2025 are prepayments.

The maximum outstanding amounts of the following balances due from related parties – non-trade nature during each reporting period are as follows:

|  | Year ended December 31, |         |         | Three months ended March 31, |
|--|-------------------------|---------|---------|------------------------------|
|  | 2022                    | 2023    | 2024    | 2025                         |
|  | RMB'000                 | RMB'000 | RMB'000 | RMB'000                      |
| <b>Amounts due from related parties:</b> |                         |         |         |                              |
| <b>Non-trade nature</b>                  |                         |         |         |                              |
| Mr. ZHENG Jianjiang . . . . .            | 31,526                  | 32,341  | 32,341  | —                            |
| Entities controlled by Mr. ZHENG         |                         |         |         |                              |
| Jianjiang . . . . .                      | 2,529                   | 7,525   | 7,525   | —                            |
|  | ==                      | ==      | ==      | ==                           |
|  | 34,055                  | 39,866  | 39,866  | —                            |
|  | ==                      | ==      | ==      | ==                           |

The amounts due from related parties are unsecured, payable on demand and interest-free.

|  | As at December 31, |         |         | As at March 31, |
|--|--------------------|---------|---------|-----------------|
|  | 2022               | 2023    | 2024    | 2025            |
|  | RMB'000            | RMB'000 | RMB'000 | RMB'000         |
| <b>Bank borrowings – current<sup>#</sup></b> |                    |         |         |                 |
| Yinzhou Rural Commercial Bank . .            | 50,000             | —       | —       | —               |
|  | ==                 | ==      | ==      | ==              |

<sup>#</sup> The balance is included in “interest-bearing bank borrowings” in the consolidated statements of financial position.

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|  | As at December 31, |               |                | As at March 31, |
|--|--------------------|---------------|----------------|-----------------|
|  | 2022               | 2023          | 2024           | 2025            |
|  | RMB'000            | RMB'000       | RMB'000        | RMB'000         |
| <b>Amounts due to related parties:</b> |                    |               |                |                 |
| <b>Trade nature</b>                    |                    |               |                |                 |
| Longzhicheng . . . . .                 | 25,698             | 26,899        | 50,368         | 39,684          |
| Jiahuikai . . . . .                    | 15,984             | 23,050        | 44,571         | 39,579          |
| Wenbang . . . . .                      | 16,708             | 16,057        | 20,884         | 18,055          |
| Dewei . . . . .                        | 12,262             | 15,913        | 21,923         | 20,369          |
| Kunyuanyuan . . . . .                  | 1,239              | 52            | 235            | 1,511           |
| Entities controlled by Mr. ZHENG       |                    |               |                |                 |
| Jianjiang . . . . .                    | 348                | 1,740         | 3,591          | 1,001           |
| Furno HVAC . . . . .                   | 412                | 239           | 318            | 242             |
|  | <u>72,651</u>      | <u>83,950</u> | <u>141,890</u> | <u>120,441</u>  |

An ageing analysis of the amounts due to related parties – trade nature, based on the invoice date, is as follows:

|                           | As at December 31, |               |                | As at March 31, |
|---------------------------|--------------------|---------------|----------------|-----------------|
|                           | 2022               | 2023          | 2024           | 2025            |
|                           | RMB'000            | RMB'000       | RMB'000        | RMB'000         |
| Within 3 months . . . . . | 60,903             | 69,252        | 110,536        | 98,875          |
| 3 to 6 months . . . . .   | 2,844              | 638           | 13,611         | 8,700           |
| 6 to 12 months . . . . .  | 5,289              | 6,623         | 9,443          | 6,902           |
| 1 to 2 years . . . . .    | 1,127              | 5,057         | 4,506          | 2,403           |
| 2 to 3 years . . . . .    | 790                | 545           | 2,245          | 2,196           |
| Over 3 years . . . . .    | 1,698              | 1,835         | 1,549          | 1,365           |
| Total . . . . .           | <u>72,651</u>      | <u>83,950</u> | <u>141,890</u> | <u>120,441</u>  |

|                                  | As at December 31, |                  |          | As at March 31, |
|----------------------------------|--------------------|------------------|----------|-----------------|
|                                  | 2022               | 2023             | 2024     | 2025            |
|                                  | RMB'000            | RMB'000          | RMB'000  | RMB'000         |
| <b>Non-trade nature</b>          |                    |                  |          |                 |
| AUX Holdings . . . . .           | 814,068            | 1,020,441        | –        | –               |
| Entities controlled by Mr. ZHENG |                    |                  |          |                 |
| Jianjiang . . . . .              | 429,470            | 473,611          | –        | –               |
|                                  | <u>1,243,538</u>   | <u>1,494,052</u> | <u>–</u> | <u>–</u>        |

The above amounts due to related parties are unsecured, payable on demand and interest-free.

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### 41. FINANCIAL INSTRUMENTS BY CATEGORY

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

#### Financial assets

As at December 31, 2022

|   | Financial assets<br>at fair value<br>through profit<br>or loss | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial assets<br>at amortized cost | Total            |
|---|--|---|---------------------------------------|------------------|
|   | RMB'000  | RMB'000   | RMB'000                               | RMB'000          |
| Receivables at fair value through other<br>comprehensive income . . . . .             | –  | 155,907   | –                                     | 155,907          |
| Trade and bills receivables . . . . .   | –  | –   | 1,427,542                             | 1,427,542        |
| Financial assets included in prepayments,<br>deposits and other receivables . . . . . | –  | –   | 11,455                                | 11,455           |
| Derivative financial instruments . . . . .  | 38,728   | –   | –                                     | 38,728           |
| Pledged deposits . . . . .  | –  | –   | 600,834                               | 600,834          |
| Cash and bank balances . . . . .  | –  | –   | 2,389,724                             | 2,389,724        |
| Amounts due from related parties . . . . .  | –  | –   | 141,514                               | 141,514          |
| Total . . . . .   | <u>38,728</u>  | <u>155,907</u>  | <u>4,571,069</u>                      | <u>4,765,704</u> |

As at December 31, 2023

|   | Financial assets<br>at fair value<br>through profit<br>or loss | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial assets<br>at amortized cost | Total             |
|---|--|---|---------------------------------------|-------------------|
|   | RMB'000  | RMB'000   | RMB'000                               | RMB'000           |
| Receivables at fair value through other<br>comprehensive income . . . . .             | –  | 670,606   | –                                     | 670,606           |
| Trade and bills receivables . . . . .   | –  | –   | 1,944,902                             | 1,944,902         |
| Financial assets included in prepayments,<br>deposits and other receivables . . . . . | –  | –   | 99,905                                | 99,905            |
| Derivative financial instruments . . . . .  | 20,762   | –   | –                                     | 20,762            |
| Pledged deposits . . . . .  | –  | –   | 2,047,769                             | 2,047,769         |
| Cash and bank balances . . . . .  | –  | –   | 5,610,379                             | 5,610,379         |
| Amounts due from related parties . . . . .  | –  | –   | 137,001                               | 137,001           |
| Total . . . . .   | <u>20,762</u>  | <u>670,606</u>  | <u>9,839,956</u>                      | <u>10,531,324</u> |

As at December 31, 2024

|   | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial assets at<br>amortized cost | Total            |
|---|---|---------------------------------------|------------------|
|   | RMB'000   | RMB'000                               | RMB'000          |
| Receivables at fair value through other comprehensive<br>income . . . . .             | 964,806   | –                                     | 964,806          |
| Trade and bills receivables . . . . .   | –   | 3,003,430                             | 3,003,430        |
| Financial assets included in prepayments, deposits and<br>other receivables . . . . . | –   | 151,692                               | 151,692          |
| Pledged deposits . . . . .  | –   | 2,264,362                             | 2,264,362        |
| Cash and bank balances . . . . .  | –   | 2,907,756                             | 2,907,756        |
| Amounts due from related parties . . . . .  | –   | 73                                    | 73               |
| Total . . . . .   | <u>964,806</u>  | <u>8,327,313</u>                      | <u>9,292,119</u> |

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As at March 31, 2025

|   | Financial assets<br>at fair value<br>through profit<br>or loss | Hedging<br>instruments<br>designated in<br>cash flow<br>hedges | Financial assets<br>at fair value<br>through other<br>comprehensive<br>income | Financial assets<br>at amortized<br>cost | Total             |
|---|--|--|---|--|-------------------|
|   | RMB'000  | RMB'000  | RMB'000   | RMB'000                                  | RMB'000           |
| Receivables at fair value through<br>other comprehensive income . . .                                     | –  | –  | 1,905,411   | –  | 1,905,411         |
| Trade and bills receivables . . . .   | –  | –  | –   | 4,764,574                                | 4,764,574         |
| Financial assets included in<br>prepayments, deposits and<br>other receivables . . . . .                  | –  | –  | –   | 145,976                                  | 145,976           |
| Derivative financial instruments<br>designated as hedging<br>instruments in cash flow<br>hedges . . . . . | –  | 41,290   | –   | –  | 41,290            |
| Financial assets at fair value<br>through profit or loss . . . . .  | 300,000  | –  | –   | –  | 300,000           |
| Pledged deposits . . . . .  | –  | –  | –   | 2,621,775                                | 2,621,775         |
| Cash and bank balances . . . . .  | –  | –  | –   | 3,708,047                                | 3,708,047         |
| Amounts due from related<br>parties . . . . .   | –  | –  | –   | 130                                      | 130               |
| Total . . . . .   | <u>300,000</u>   | <u>41,290</u>  | <u>1,905,411</u>  | <u>11,240,502</u>                        | <u>13,487,203</u> |

### Financial liabilities

As at December 31, 2022

|   | Financial liabilities<br>at amortized cost |
|---|--|
|   | RMB'000                                    |
| Trade and bills payables . . . . .                                      | 5,436,034                                  |
| Financial liabilities included in other payables and accruals . . . . . | 1,444,879                                  |
| Interest-bearing bank borrowings (note 30) . . . . .                    | 1,664,404                                  |
| Amounts due to related parties . . . . .                                | 1,316,189                                  |
| Total . . . . .   | <u>9,861,506</u>                           |

As at December 31, 2023

|  | Financial liabilities<br>at fair value<br>through profit<br>or loss | Financial liabilities<br>at amortized cost | Total             |
|--|---|--|-------------------|
|  | RMB'000   | RMB'000                                    | RMB'000           |
| Trade and bills payables . . . . .   | –   | 6,436,447                                  | 6,436,447         |
| Financial liabilities included in other payables and<br>accruals . . . . . | –   | 2,345,942                                  | 2,345,942         |
| Derivative financial instruments . . . . .                                 | 238   | –  | 238               |
| Interest-bearing bank borrowings (note 30) . . . . .                       | –   | 1,201,324                                  | 1,201,324         |
| Amounts due to related parties . . . . .                                   | –   | 1,578,002                                  | 1,578,002         |
| Total . . . . .  | <u>238</u>  | <u>11,561,715</u>                          | <u>11,561,953</u> |

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As at December 31, 2024

|  | Financial liabilities at fair value through profit or loss | Hedging instruments designated in cash flow hedges | Financial liabilities at amortized cost | Total             |
|--|--|--|---|-------------------|
|  | RMB'000  | RMB'000  | RMB'000                                 | RMB'000           |
| Trade and bills payables . . . . .   | –  | –  | 10,395,125                              | 10,395,125        |
| Financial liabilities included in other payables and accruals . . . . .                          | –  | –  | 2,878,029                               | 2,878,029         |
| Derivative financial instruments . . . . .   | 144,578  | –  | –                                       | 144,578           |
| Derivative financial instruments designated as hedging instruments in cash flow hedges . . . . . | –  | 28,972   | –                                       | 28,972            |
| Interest-bearing bank borrowings (note 30) . . . . .   | –  | –  | 1,553,334                               | 1,553,334         |
| Amounts due to related parties . . . . .   | –  | –  | 141,890                                 | 141,890           |
| Total . . . . .  | <u>144,578</u>   | <u>28,972</u>                                      | <u>14,968,378</u>                       | <u>15,141,748</u> |

As at March 31, 2025

|   | Financial liabilities at fair value through profit or loss | Financial liabilities at amortized cost | Total             |
|---|--|---|-------------------|
|   | RMB'000  | RMB'000                                 | RMB'000           |
| Trade and bills payables . . . . .                                      | –  | 11,948,435                              | 11,948,435        |
| Financial liabilities included in other payables and accruals . . . . . | –  | 3,108,169                               | 3,108,169         |
| Derivative financial instruments . . . . .                              | 69,981   | –                                       | 69,981            |
| Interest-bearing bank borrowings (note 30) . . . . .                    | –  | 2,308,221                               | 2,308,221         |
| Amounts due to related parties . . . . .                                | –  | 120,441                                 | 120,441           |
| Total . . . . .   | <u>69,981</u>  | <u>17,485,266</u>                       | <u>17,555,247</u> |

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

Derivative financial instruments, including forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts, futures contracts for the purchase of copper and foreign currency swaps are the same as their fair values.

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The fair values of the non-current portion of pledged deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of receivables at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The Group invests in unlisted investments, which represent structure deposits issued by a bank in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

### Fair value hierarchy

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

#### Assets measured at fair value:

As at December 31, 2022

|   | Fair value measurement using              |   |   | Total   |
|---|---|---|---|---------|
|   | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |         |
|   | RMB’000                                   | RMB’000                                 | RMB’000                                   | RMB’000 |
| <b>Financial assets</b>   |   |   |   |         |
| Derivative financial instruments . . . . .                            | –   | 38,728                                  | –   | 38,728  |
| Receivables at fair value through other comprehensive income. . . . . | –   | 155,907                                 | –   | 155,907 |
|   | –   | 194,635                                 | –   | 194,635 |
|   | =   | =                                       | =   | =       |

As at December 31, 2023

|   | Fair value measurement using              |   |   | Total   |
|---|---|---|---|---------|
|   | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |         |
|   | RMB’000                                   | RMB’000                                 | RMB’000                                   | RMB’000 |
| <b>Financial assets</b>   |   |   |   |         |
| Derivative financial instruments . . . . .                            | –   | 20,762                                  | –   | 20,762  |
| Receivables at fair value through other comprehensive income. . . . . | –   | 670,606                                 | –   | 670,606 |
|   | –   | 691,368                                 | –   | 691,368 |
|   | =   | =                                       | =   | =       |

As at December 31, 2024

|   | Fair value measurement using              |   |   | Total   |
|---|---|---|---|---------|
|   | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |         |
|   | RMB’000                                   | RMB’000                                 | RMB’000                                   | RMB’000 |
| <b>Financial assets</b>   |   |   |   |         |
| Receivables at fair value through other comprehensive income. . . . . | –   | 964,806                                 | –   | 964,806 |
|   | =   | =                                       | =   | =       |

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As at March 31, 2025

|  | Fair value measurement using                    |  |  | Total     |
|--|---|--|--|-----------|
|  | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |           |
|  | RMB'000   | RMB'000  | RMB'000  | RMB'000   |
| <b>Financial assets</b>  |   |  |  |           |
| Derivative financial instruments . . . . .                               | –   | 41,290   | –  | 41,290    |
| Receivables at fair value through other<br>comprehensive income. . . . . | –   | 1,905,411  | –  | 1,905,411 |
| Financial assets at fair value through profit<br>or loss . . . . .       | –   | 300,000  | –  | 300,000   |
|  | –   | 2,246,701  | –  | 2,246,701 |
|  | =   | =  | =  | =         |

*Liabilities measured at fair value:*

As at December 31, 2023

|  | Fair value measurement using                    |  |  | Total   |
|--|---|--|--|---------|
|  | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |         |
|  | RMB'000   | RMB'000  | RMB'000  | RMB'000 |
| <b>Financial liabilities</b>               |   |  |  |         |
| Derivative financial instruments . . . . . | –   | 238  | –  | 238     |
|  | =   | =  | =  | =       |

As at December 31, 2024

|  | Fair value measurement using                    |  |  | Total   |
|--|---|--|--|---------|
|  | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |         |
|  | RMB'000   | RMB'000  | RMB'000  | RMB'000 |
| <b>Financial liabilities</b>               |   |  |  |         |
| Derivative financial instruments . . . . . | –   | 173,370  | –  | 173,370 |
|  | =   | =  | =  | =       |

As at March 31, 2025

|  | Fair value measurement using                    |  |  | Total   |
|--|---|--|--|---------|
|  | Quoted prices in<br>active markets<br>(Level 1) | Significant<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |         |
|  | RMB'000   | RMB'000  | RMB'000  | RMB'000 |
| <b>Financial liabilities</b>               |   |  |  |         |
| Derivative financial instruments . . . . . | –   | 69,981   | –  | 69,981  |
|  | –   | 69,981   | –  | 69,981  |
|  | =   | =  | =  | =       |



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## ACCOUNTANTS’ REPORT

### 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise cash and bank balances, pledged deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to support the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency and foreign currency swaps. The purpose is to manage the currency risks arising from the Group’s operations and its sources of finance.

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group’s accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

#### Interest rate risk

The Group’s exposure to the risk of changes in fair value relates primarily to the Group’s interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit after tax through the impact on floating rate borrowings and the Group’s equity.

|               | Increase/(decrease)<br>in basis points | (Decrease)/increase<br>in profit before tax | (Decrease)/increase<br>in equity |
|---------------|--|---|----------------------------------|
|               |  | RMB’000                                     | RMB’000                          |
| 2022          |  |   |                                  |
| RMB . . . . . | 100                                    | (3,369)                                     | (2,863)                          |
| RMB . . . . . | (100)                                  | 3,369                                       | 2,863                            |
| 2023          |  |   |                                  |
| RMB . . . . . | 100                                    | (4,009)                                     | (3,407)                          |
| RMB . . . . . | (100)                                  | 4,009                                       | 3,407                            |
| 2024          |  |   |                                  |
| RMB . . . . . | 100                                    | (6,368)                                     | (5,412)                          |
| RMB . . . . . | (100)                                  | 6,368                                       | 5,412                            |
| 2025          |  |   |                                  |
| RMB . . . . . | 100                                    | (7,926)                                     | (6,737)                          |
| RMB . . . . . | (100)                                  | 7,926                                       | 6,737                            |

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### Foreign currency risk

The Group’s transactional currency exposures mainly arise from overseas sales of products.

Therefore, the Group is exposed to foreign currency risk.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities). The remaining currency amounts are not material and are not tested separately.

As at December 31, 2022

|  | <u>Increase/(decrease)<br/>in USD rate in<br/>basis points</u> | <u>Increase/(decrease)<br/>in profit before tax</u> | <u>Increase/(decrease)<br/>in equity</u> |
|--|--|---|--|
|  |  | <i>RMB’000</i>                                      | <i>RMB’000</i>                           |
| If the RMB weakens against the USD . . . . .     | 100  | 8,427   | 7,163                                    |
| If the RMB strengthens against the USD . . . . . | (100)  | (8,427)   | (7,163)                                  |

As at December 31, 2023

|  | <u>Increase/(decrease)<br/>in USD rate in<br/>basis points</u> | <u>Increase/(decrease)<br/>in profit before tax</u> | <u>Increase/(decrease)<br/>in equity</u> |
|--|--|---|--|
|  |  | <i>RMB’000</i>                                      | <i>RMB’000</i>                           |
| If the RMB weakens against the USD . . . . .     | 100  | 11,376  | 9,670                                    |
| If the RMB strengthens against the USD . . . . . | (100)  | (11,376)  | (9,670)                                  |

As at December 31, 2024

|  | <u>Increase/(decrease)<br/>in USD rate in<br/>basis points</u> | <u>Increase/(decrease)<br/>in profit before tax</u> | <u>Increase/(decrease)<br/>in equity</u> |
|--|--|---|--|
|  |  | <i>RMB’000</i>                                      | <i>RMB’000</i>                           |
| If the RMB weakens against the USD . . . . .     | 100  | 34,768  | 29,553                                   |
| If the RMB strengthens against the USD . . . . . | (100)  | (34,768)  | (29,553)                                 |

As at March 31, 2025

|  | <u>Increase/(decrease)<br/>in USD rate in<br/>basis points</u> | <u>Increase/(decrease)<br/>in profit before tax</u> | <u>Increase/ (decrease)<br/>in equity</u> |
|--|--|---|---|
|  |  | <i>RMB’000</i>                                      | <i>RMB’000</i>                            |
| If the RMB weakens against the USD . . . . .     | 100  | 51,625  | 43,881                                    |
| If the RMB strengthens against the USD . . . . . | (100)  | (51,625)  | (43,881)                                  |

### Credit risk

The Group trades only with recognized and creditworthy third parties and there is no requirement for collateral. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. As at December 31, 2022, 2023 and 2024 and March 31, 2025, the Group had certain concentrations of credit risk as 26.94%, 36.46%, 10.21% and 14.03% of the Group’s trade receivables were due from the Group’s largest customer, respectively, and 53.36%, 56.37%, 30.60% and 31.58% of the Group’s trade receivables were due from the Group’s five largest customers at the end of each year/period during the Track Record Period, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

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### Maximum exposure and year-end staging

The table below shows the credit quality based on the Group’s credit policy and the maximum exposure to credit risk presented at gross carrying amounts, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods.

As at December 31, 2022

|   | 12-month ECLs    | Lifetime ECLs |               |                     | Total            |
|---|------------------|---------------|---------------|---------------------|------------------|
|   | Stage 1          | Stage 2       | Stage 3       | Simplified approach |                  |
|   | RMB'000          | RMB'000       | RMB'000       | RMB'000             | RMB'000          |
| Trade and bills receivables* . . . . .  | –                | –             | –             | 1,492,869           | 1,492,869        |
| Financial assets included in prepayments, deposits, and other receivables** . . . . . | 7,665            | 3,004         | 19,528        | –                   | 30,197           |
| Cash and bank balances . .  | 2,389,724        | –             | –             | –                   | 2,389,724        |
| Pledged deposits . . . . .  | 600,834          | –             | –             | –                   | 600,834          |
| Amounts due from related parties . . . . .  | 141,514          | –             | –             | –                   | 141,514          |
| Receivables at fair value through other comprehensive income . .                      | –                | –             | –             | 155,907             | 155,907          |
|   | <u>3,139,737</u> | <u>3,004</u>  | <u>19,528</u> | <u>1,648,776</u>    | <u>4,811,045</u> |

As at December 31, 2023

|   | 12-month ECLs    | Lifetime ECLs |               |                     | Total             |
|---|------------------|---------------|---------------|---------------------|-------------------|
|   | Stage 1          | Stage 2       | Stage 3       | Simplified approach |                   |
|   | RMB'000          | RMB'000       | RMB'000       | RMB'000             | RMB'000           |
| Trade and bills receivables* . . . . .  | –                | –             | –             | 2,012,864           | 2,012,864         |
| Financial assets included in prepayments, deposits, and other receivables** . . . . . | 97,948           | 3,250         | 13,405        | –                   | 114,603           |
| Cash and bank balances . .  | 5,610,379        | –             | –             | –                   | 5,610,379         |
| Pledged deposits . . . . .  | 2,047,769        | –             | –             | –                   | 2,047,769         |
| Amounts due from related parties . . . . .  | 137,001          | –             | –             | –                   | 137,001           |
| Receivables at fair value through other comprehensive income . .                      | –                | –             | –             | 670,606             | 670,606           |
|   | <u>7,893,097</u> | <u>3,250</u>  | <u>13,405</u> | <u>2,683,470</u>    | <u>10,593,222</u> |

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|  | 12-month ECLs    | Lifetime ECLs |               |                     |                  |
|--|------------------|---------------|---------------|---------------------|------------------|
|  | Stage 1          | Stage 2       | Stage 3       | Simplified approach | Total            |
|  | RMB'000          | RMB'000       | RMB'000       | RMB'000             | RMB'000          |
| Trade and bills receivables* . . . . .   | –                | –             | –             | 3,112,809           | 3,112,809        |
| Financial assets included in prepayments, deposits and other receivables** . . . . . | 135,195          | 3,837         | 12,660        | –                   | 151,692          |
| Cash and bank balances . . . . .   | 2,907,756        | –             | –             | –                   | 2,907,756        |
| Pledged deposits . . . . .   | 2,264,362        | –             | –             | –                   | 2,264,362        |
| Amounts due from related parties . . . . .   | 73               | –             | –             | –                   | 73               |
| Receivables at fair value through other comprehensive income . . . . .               | –                | –             | –             | 964,806             | 964,806          |
|  | <u>5,307,386</u> | <u>3,837</u>  | <u>12,660</u> | <u>4,077,615</u>    | <u>9,401,498</u> |

As at March 31, 2025

|   | 12-month ECLs    | Lifetime ECLs |               |                     |                   |
|---|------------------|---------------|---------------|---------------------|-------------------|
|   | Stage 1          | Stage 2       | Stage 3       | Simplified approach | Total             |
|   | RMB'000          | RMB'000       | RMB'000       | RMB'000             | RMB'000           |
| Trade and bills receivables* . . . . .  | –                | –             | –             | 4,921,913           | 4,921,913         |
| Financial assets included in prepayments, deposits, and other receivables** . . . . . | 118,241          | 16,592        | 11,143        | –                   | 145,976           |
| Cash and bank balances . . . . .  | 3,708,047        | –             | –             | –                   | 3,708,047         |
| Pledged deposits . . . . .  | 2,621,775        | –             | –             | –                   | 2,621,775         |
| Amounts due from related parties . . . . .  | 130              | –             | –             | –                   | 130               |
| Receivables at fair value through other comprehensive income . . . . .                | –                | –             | –             | 1,905,411           | 1,905,411         |
|   | <u>6,448,193</u> | <u>16,592</u> | <u>11,143</u> | <u>6,827,324</u>    | <u>13,303,252</u> |

\* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and bills receivables and other receivables are disclosed in notes 20 and 18 to the Historical Financial Information, respectively.

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### Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

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

| As at December 31, 2022   |                  |                  |                |              |                  |
|---|------------------|------------------|----------------|--------------|------------------|
|   | On demand        | Within 1 year    | 1 to 5 years   | Over 5 years | Total            |
|   | RMB'000          | RMB'000          | RMB'000        | RMB'000      | RMB'000          |
| Trade and bills payable. . .                                      | –                | 5,436,034        | –              | –            | 5,436,034        |
| Financial liabilities included in other payables and accruals . . | –                | 1,444,879        | –              | –            | 1,444,879        |
| Interest-bearing bank borrowings . . . . .                        | –                | 1,110,824        | 645,362        | 7,886        | 1,764,072        |
| Amounts due to related parties. . . . .                           | 1,316,189        | –                | –              | –            | 1,316,189        |
| Lease liabilities . . . . .                                       | –                | 5,288            | 438            | –            | 5,726            |
| Total . . . . .   | <u>1,316,189</u> | <u>7,997,025</u> | <u>645,800</u> | <u>7,886</u> | <u>9,966,900</u> |

| As at December 31, 2023   |                  |                  |              |              |                   |
|---|------------------|------------------|--------------|--------------|-------------------|
|   | On demand        | Within 1 year    | 1 to 5 years | Over 5 years | Total             |
|   | RMB'000          | RMB'000          | RMB'000      | RMB'000      | RMB'000           |
| Trade and bills payable. . .                                      | –                | 6,436,447        | –            | –            | 6,436,447         |
| Financial liabilities included in other payables and accruals . . | –                | 2,345,942        | –            | –            | 2,345,942         |
| Interest-bearing bank borrowings . . . . .                        | –                | 1,207,038        | 128          | 883          | 1,208,049         |
| Derivative financial instruments. . . . .                         | –                | 238              | –            | –            | 238               |
| Amounts due to related parties. . . . .                           | 1,578,002        | –                | –            | –            | 1,578,002         |
| Lease liabilities . . . . .                                       | –                | 6,273            | 4,863        | –            | 11,136            |
| Total . . . . .   | <u>1,578,002</u> | <u>9,995,938</u> | <u>4,991</u> | <u>883</u>   | <u>11,579,814</u> |

| As at December 31, 2024   |                |                   |                  |               |                   |
|---|----------------|-------------------|------------------|---------------|-------------------|
|   | On demand      | Within 1 year     | 1 to 5 years     | Over 5 years  | Total             |
|   | RMB'000        | RMB'000           | RMB'000          | RMB'000       | RMB'000           |
| Trade and bills payable. . . . .                                  | –              | 10,395,125        | –                | –             | 10,395,125        |
| Financial liabilities included in other payables and accruals . . | –              | 2,768,989         | 109,040          | –             | 2,878,029         |
| Interest-bearing bank borrowings .                                | –              | 682,238           | 915,047          | –             | 1,597,285         |
| Derivative financial instruments .                                | –              | 173,370           | –                | –             | 173,370           |
| Amounts due to related parties . .                                | 141,890        | –                 | –                | –             | 141,890           |
| Lease liabilities . . . . .                                       | –              | 35,283            | 48,117           | 54,553        | 137,953           |
| Total . . . . .   | <u>141,890</u> | <u>14,055,005</u> | <u>1,072,204</u> | <u>54,553</u> | <u>15,323,652</u> |

## APPENDIX I

## ACCOUNTANTS’ REPORT

As at March 31, 2025

|                                    | As at March 31, 2025 |                   |                |               |                   |
|------------------------------------|----------------------|-------------------|----------------|---------------|-------------------|
|                                    | On demand            | Within 1 year     | 1 to 5 years   | Over 5 years  | Total             |
|                                    | RMB'000              | RMB'000           | RMB'000        | RMB'000       | RMB'000           |
| Trade and bills payable . . . . .  | –                    | 11,948,435        | –              | –             | 11,948,435        |
| Financial liabilities included in  |                      |                   |                |               |                   |
| other payables and accruals . . .  | –                    | 2,999,129         | 109,040        | –             | 3,108,169         |
| Interest-bearing bank borrowings . | –                    | 1,528,818         | 813,155        | –             | 2,341,973         |
| Derivative financial instruments . | –                    | 69,981            | –              | –             | 69,981            |
| Amounts due to related parties . . | 120,441              | –                 | –              | –             | 120,441           |
| Lease liabilities . . . . .        | –                    | 34,332            | 58,695         | 52,192        | 145,219           |
| Total . . . . .                    | <u>120,441</u>       | <u>16,580,695</u> | <u>980,890</u> | <u>52,192</u> | <u>17,734,218</u> |

### Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital on the basis of the asset-liability ratios. The ratio as at the end of each of the Relevant Periods are as follows:

|                                  | As at December 31, |                   |                   | As at March 31,   |
|----------------------------------|--------------------|-------------------|-------------------|-------------------|
|                                  | 2022               | 2023              | 2024              | 2025              |
|                                  | RMB'000            | RMB'000           | RMB'000           | RMB'000           |
| Total assets . . . . .           | <u>14,706,949</u>  | <u>19,969,470</u> | <u>24,170,972</u> | <u>27,576,040</u> |
| Total liabilities . . . . .      | <u>12,979,247</u>  | <u>15,727,191</u> | <u>20,335,266</u> | <u>22,751,830</u> |
| Asset-liability ratio* . . . . . | <u>88%</u>         | <u>79%</u>        | <u>84%</u>        | <u>83%</u>        |

\* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

#### 44. INVESTMENT IN A SUBSIDIARY

The Company

|  | As at December 31, | As at March 31, |
|--|--------------------|-----------------|
|  | 2024               | 2025            |
|  | RMB'000            | RMB'000         |
| Investment in a subsidiary               |                    |                 |
| China Bloom Industrial Co., Ltd. . . . . | —*                 | —*              |

\* The amount is less than RMB1,000.

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## APPENDIX I

## ACCOUNTANTS’ REPORT

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### 45. EVENTS AFTER THE RELEVANT PERIODS

There is no significant event that occurred subsequent to March 31, 2025.

### 46. SUBSEQUENT FINANCIAL STATEMENTS

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