

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE
DIRECTORS OF LENS TECHNOLOGY CO., LTD. 藍思科技股份有限公司 AND CITIC
SECURITIES (HONG KONG) LIMITED****Introduction**

We report on the historical financial information of Lens Technology Co., Ltd. 藍思科技股份有限公司 (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-103, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024, the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2024 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-103 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2025 (the “Prospectus”) in connection with the proposed global offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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 Group's financial position as at 31 December 2022, 2023 and 2024, of the Company's financial position as at 31 December 2022, 2023 and 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	6			
Contracts with customers		46,603,225	54,364,061	69,756,758
Leases		95,321	126,673	140,018
Total revenue		46,698,546	54,490,734	69,896,776
Cost of sales		(38,151,630)	(45,998,870)	(59,713,283)
Gross profit		8,546,916	8,491,864	10,183,493
Other income	7	678,576	1,017,209	567,024
Reversal of impairment losses (impairment losses recognised) under expected credit loss (“ECL”) model, net	8	43,962	1,259	(33,859)
Other gains and losses, net	9	321,012	218,657	384,380
Selling expenses		(708,849)	(674,057)	(705,599)
Administrative expenses		(3,239,490)	(2,910,299)	(3,368,955)
Research and development expenses		(2,104,976)	(2,316,619)	(2,784,813)
Other expenses		(10,032)	(6,848)	(8,216)
Share of results of investments accounted for using the equity method		3,987	(57,291)	3,899
Finance costs	10	(616,216)	(509,986)	(388,438)
Profit before tax		2,914,890	3,253,889	3,848,916
Income tax expense	11	(395,069)	(212,062)	(172,061)
Profit for the year	12	2,519,821	3,041,827	3,676,855
Other comprehensive income (expense):				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations		74,664	9,649	(134,090)
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value gain (loss) on investments in equity instruments measured at fair value through other comprehensive income (“FVTOCI”)		11,589	4,711	(20,454)
Total comprehensive income for the year		2,606,074	3,056,187	3,522,311

		Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
<i>Note</i>				
Profit for the year attributable to:				
— Owners of the Company		2,448,037	3,021,342	3,623,901
— Non-controlling interests		<u>71,784</u>	<u>20,485</u>	<u>52,954</u>
		<u>2,519,821</u>	<u>3,041,827</u>	<u>3,676,855</u>
Total comprehensive income for the year attributable to:				
— Owners of the Company		2,534,290	3,035,702	3,469,357
— Non-controlling interests		<u>71,784</u>	<u>20,485</u>	<u>52,954</u>
		<u>2,606,074</u>	<u>3,056,187</u>	<u>3,522,311</u>
Earnings per share				
— Basic (RMB)	16	0.50	0.61	0.73
— Diluted (RMB)		<u>N/A</u>	<u>0.61</u>	<u>0.73</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	17	37,294,360	37,089,310	37,809,136
Right-of-use assets	18	3,051,857	3,261,047	3,441,157
Investment properties	19	954,123	1,020,305	900,777
Intangible assets	20	2,184,949	2,017,889	1,822,041
Goodwill	21	2,970,144	2,970,144	2,970,144
Investments accounted for using the equity method	22	479,537	374,957	325,665
Equity instruments at FVTOCI	23	460,021	465,563	445,109
Time deposits	29	304,307	314,648	103,697
Deferred tax assets	24	1,251,837	1,187,208	1,387,226
Prepayments and other receivables	28	783,318	687,994	1,038,314
		<u>49,734,453</u>	<u>49,389,065</u>	<u>50,243,266</u>
Current assets				
Inventories	26	6,685,009	6,682,659	7,160,553
Trade and bills receivables	27	9,022,460	9,308,444	10,865,736
Bills receivables at FVTOCI	30	3,697	112,288	9,779
Prepayments and other receivables	28	804,110	1,025,482	1,000,455
Amounts due from related parties	42	32,235	29,754	24,873
Financial assets at fair value through profit or loss (“FVTPL”)	25	355,266	349,665	354,917
Income tax recoverable		22,614	53,391	45,976
Time deposits	29	—	—	322,412
Restricted bank deposits	29	3,673	25,474	51,276
Bank balances and cash	29	11,682,255	10,493,519	10,936,804
		<u>28,611,319</u>	<u>28,080,676</u>	<u>30,772,781</u>
Current liabilities				
Trade and other payables	31	12,209,236	13,171,801	16,365,834
Financial liabilities at FVTPL	25	—	—	9,620
Amounts due to related parties	42	21	94	26
Income tax payable		88,319	178,764	110,787
Borrowings	32	9,848,393	5,669,812	6,518,634
Lease liabilities	33	13,503	27,726	47,659
Contract liabilities	34	7,589	8,119	12,601
		<u>22,167,061</u>	<u>19,056,316</u>	<u>23,065,161</u>
Net current assets		<u>6,444,258</u>	<u>9,024,360</u>	<u>7,707,620</u>
Total assets less current liabilities		<u>56,178,711</u>	<u>58,413,425</u>	<u>57,950,886</u>

		As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
	<i>Notes</i>			
Non-current liabilities				
Loan from a related party	42	1,027,632	1,065,146	—
Borrowings	32	9,122,890	9,588,264	7,807,931
Lease liabilities	33	34,145	20,773	151,529
Provision		1,328	3,592	18,880
Deferred tax liabilities	24	765,678	424,869	385,058
Deferred income	35	845,795	789,154	741,578
		<u>11,797,468</u>	<u>11,891,798</u>	<u>9,104,976</u>
Net assets		<u><u>44,381,243</u></u>	<u><u>46,521,627</u></u>	<u><u>48,845,910</u></u>
Capital and reserves				
Share capital	36	4,973,480	4,983,228	4,982,879
Reserves		<u>39,198,513</u>	<u>41,355,757</u>	<u>43,673,762</u>
Equity attributable to owners of the Company		44,171,993	46,338,985	48,656,641
Non-controlling interests		<u>209,250</u>	<u>182,642</u>	<u>189,269</u>
Total equity		<u><u>44,381,243</u></u>	<u><u>46,521,627</u></u>	<u><u>48,845,910</u></u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2022	2023	2024
	Notes	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	17	9,065,022	8,221,199	8,489,707
Right-of-use assets	18	420,387	402,634	730,497
Investment properties	19	320,034	305,129	329,815
Intangible assets	20	50,586	61,317	52,305
Investments accounted for using the equity method	22	421,370	317,987	284,710
Investments in subsidiaries	44	31,150,285	34,279,477	34,753,669
Amounts due from subsidiaries	42	1,312,927	2,061,863	661,692
Equity instruments at FVTOCI	23	439,567	445,109	445,109
Time deposits	29	304,307	314,648	103,697
Deferred tax assets	24	71,200	52,792	101,059
Prepayments and other receivables	28	25,363	52,356	123,749
		<u>43,581,048</u>	<u>46,514,511</u>	<u>46,076,009</u>
Current assets				
Inventories	26	2,217,441	1,381,980	1,023,288
Trade and bills receivables	27	7,392,543	5,375,735	6,767,472
Prepayments and other receivables	28	350,523	530,304	475,558
Amounts due from subsidiaries	42	1,790,731	752,094	498,716
Financial assets at FVTPL	25	87,153	—	100,000
Income tax recoverable		15,339	—	—
Time deposits	29	—	—	322,412
Bank balances and cash	29	3,772,088	3,116,182	5,268,284
		<u>15,625,818</u>	<u>11,156,295</u>	<u>14,455,730</u>
Current liabilities				
Trade and other payables	31	6,093,761	3,000,975	5,374,209
Financial liabilities at FVTPL	25	—	—	3,903
Amounts due to subsidiaries	42	2,717,418	2,735,154	2,318,226
Income tax payable		—	104,286	47,248
Borrowings	32	2,265,819	2,927,639	2,389,631
Lease liabilities	33	8,033	8,304	34,993
Contract liabilities	34	—	—	2,013
		<u>11,085,031</u>	<u>8,776,358</u>	<u>10,170,223</u>
Net current assets		<u>4,540,787</u>	<u>2,379,937</u>	<u>4,285,507</u>
Total assets less current liabilities		<u>48,121,835</u>	<u>48,894,448</u>	<u>50,361,516</u>

		As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
	<i>Notes</i>			
Non-current liabilities				
Loans from related parties	42	1,327,632	1,365,146	2,051,240
Borrowings	32	4,695,460	4,178,064	3,888,168
Lease liabilities	33	20,260	11,971	110,707
Deferred tax liabilities	24	43,432	28,862	28,250
Deferred income	35	65,303	58,248	51,193
		<u>6,152,087</u>	<u>5,642,291</u>	<u>6,129,558</u>
Net assets		<u><u>41,969,748</u></u>	<u><u>43,252,157</u></u>	<u><u>44,231,958</u></u>
Capital and reserves				
Share capital	36	4,973,480	4,983,228	4,982,879
Reserves	36	<u>36,996,268</u>	<u>38,268,929</u>	<u>39,249,079</u>
Total equity		<u><u>41,969,748</u></u>	<u><u>43,252,157</u></u>	<u><u>44,231,958</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Treasury share	Capital reserve	FVTOCI reserve	Translation reserve	Statutory reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	4,973,480	20,536,449	—	163,690	143,783	68,614	1,981,141	14,763,698	42,630,855	168,093	42,798,948
Profit for the year	—	—	—	—	—	—	—	2,448,037	2,448,037	71,784	2,519,821
Other comprehensive income for the year	—	—	—	—	11,589	74,664	—	—	86,253	—	86,253
Total comprehensive income for the year	—	—	—	—	11,589	74,664	—	2,448,037	2,534,290	71,784	2,606,074
Transfer to statutory reserve	—	—	—	—	—	—	208,385	(208,385)	—	—	—
Distribution	—	—	—	—	—	—	—	(493,095)	(493,095)	(30,627)	(523,722)
Repurchase of shares (Note 36)	—	—	(499,998)	—	—	—	—	—	(499,998)	—	(499,998)
Transaction costs attributable to repurchase of shares	—	—	(59)	—	—	—	—	—	(59)	—	(59)
At 31 December 2022	4,973,480	20,536,449	(500,057)	163,690	155,372	143,278	2,189,526	16,510,255	44,171,993	209,250	44,381,243
Profit for the year	—	—	—	—	—	—	—	3,021,342	3,021,342	20,485	3,041,827
Other comprehensive income for the year	—	—	—	—	4,711	9,649	—	—	14,360	—	14,360
Total comprehensive income for the year	—	—	—	—	4,711	9,649	—	3,021,342	3,035,702	20,485	3,056,187
Transfer to statutory reserve	—	—	—	—	—	—	214,723	(214,723)	—	—	—
Distribution	—	—	—	—	—	—	—	(986,190)	(986,190)	(47,093)	(1,033,283)
Issue of restricted shares under restricted A-share incentive scheme (the "Restricted A-share Scheme")	9,748	52,055	—	—	—	—	—	—	61,803	—	61,803
Recognition of equity-settled share-based payments	—	—	—	55,677	—	—	—	—	55,677	—	55,677
At 31 December 2023	4,983,228	20,588,504	(500,057)	219,367	160,083	152,927	2,404,249	18,330,684	46,338,985	182,642	46,521,627
Profit for the year	—	—	—	—	—	—	—	3,623,901	3,623,901	52,954	3,676,855
Other comprehensive expense for the year	—	—	—	—	(20,454)	(134,090)	—	—	(154,544)	—	(154,544)
Total comprehensive (expense) income for the year	—	—	—	—	(20,454)	(134,090)	—	3,623,901	3,469,357	52,954	3,522,311
Transfer to statutory reserve	—	—	—	—	—	—	216,021	(216,021)	—	—	—
Distribution	—	—	—	—	—	—	—	(1,482,163)	(1,482,163)	(46,327)	(1,528,490)
Recognition of equity-settled share-based payments	—	—	—	219,603	—	—	—	—	219,603	—	219,603
Repurchase and cancellation of restricted shares under Restricted A-share Scheme	(349)	(1,805)	—	—	—	—	—	—	(2,154)	—	(2,154)
Exercise of restricted shares under Restricted A-share Scheme	—	26,814	220,038	(133,839)	—	—	—	—	113,013	—	113,013
Derecognition of investment in equity instruments at FVTOCI upon liquidation of the investee	—	—	—	—	20,454	—	—	(20,454)	—	—	—
At 31 December 2024	4,982,879	20,613,513	(280,019)	305,131	160,083	18,837	2,620,270	20,235,947	48,656,641	189,269	48,845,910

Note: It represents the statutory reserve of the Company in the People's Republic of China (the "PRC"). Pursuant to applicable PRC regulations, PRC entity is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the relevant entity.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit for the year	2,519,821	3,041,827	3,676,855
Adjustments for:			
Taxation	395,069	212,062	172,061
Share of results of investments accounted for using the equity method	(3,987)	57,291	(3,899)
Depreciation of property, plant and equipment	4,340,696	4,632,953	4,770,849
Depreciation of right-of-use assets	96,941	96,477	115,217
Depreciation of investment properties	44,241	52,934	56,260
Amortisation of intangible assets	202,411	208,168	210,244
(Reversal of impairment losses) impairment losses recognised under ECL model, net	(43,962)	(1,259)	33,859
Loss on disposal of property, plant and equipment	119,874	37,047	16,776
Loss on disposal of intangible assets	—	257	61
Net gain from changes in fair value of financial assets/liabilities at FVTPL	(208,904)	(195,897)	(207,985)
Release of deferred income	(58,497)	(60,679)	(61,826)
Gain from termination of a lease contract	(43)	—	—
Share-based payment expense	—	54,260	161,375
Finance costs	616,216	509,986	388,438
Interest income	(147,893)	(218,288)	(254,979)
(Reversal of write-down) write-down of inventories	(442,288)	(99,018)	47,859
Impairment losses on property, plant and equipment	273,077	73,242	226,942
Net foreign exchange gains	(231,526)	(59,455)	(193,232)
Operating cash flows before movements in working capital	7,471,246	8,341,908	9,154,875
Placement of restricted bank deposits	(2,925)	(21,801)	(25,802)
Increase in provision	312	2,264	15,288
(Increase) decrease in inventories	(105,420)	101,368	(525,753)
Decrease (increase) in trade and bills receivables	1,449,987	(272,948)	(1,511,293)
Decrease (increase) in bills receivables at FVTOCI	90,227	(108,591)	102,509
Decrease (increase) in prepayments and other receivables	485,555	18,491	(97,428)
(Decrease) increase in trade and other payables	(217,072)	1,454,980	3,928,419
Increase in deferred income	19,964	4,038	14,250
(Decrease) increase in contract liabilities	(525)	530	4,482
Cash generated from operations	9,191,349	9,520,239	11,059,547
Income tax paid	(154,402)	(427,988)	(414,224)
Interest received	143,586	207,947	243,518
Net cash from operating activities	9,180,533	9,300,198	10,888,841

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets/ derivatives at FVTPL	8,702,341	1,387,040	1,932,012
Dividends received from investments accounted for using the equity method	140,349	46,641	39,601
Proceeds from disposal of property, plant and equipment	80,517	36,331	49,223
Repayment from related parties	25,302	2,455	4,850
Proceeds on disposal of investments accounted for using the equity method	2,900	—	14,537
Repayment of deposits for project performance	—	—	100,000
Upfront payments for leasehold land	—	(277,654)	(118,320)
Payments of deposits for project performance	—	(250,000)	—
Purchase of intangible assets	(28,078)	(41,382)	(14,501)
Investments accounted for using the equity method .	(33,500)	—	(299)
Placement of time deposits	(300,000)	—	(100,000)
Purchase of property, plant and equipment	(6,824,316)	(5,085,273)	(6,237,734)
Purchase of financial assets/derivatives at FVTPL . .	<u>(7,342,210)</u>	<u>(1,185,542)</u>	<u>(1,719,659)</u>
Net cash used in investing activities	<u>(5,576,695)</u>	<u>(5,367,384)</u>	<u>(6,050,290)</u>
FINANCING ACTIVITIES			
New borrowings raised	17,584,193	7,533,650	5,120,211
Advance from related parties	—	73	—
Proceeds from issue of restricted shares	—	61,803	—
Exercise of restricted shares	—	—	113,013
Transaction costs attributable to repurchase of shares	(59)	—	—
Repayment to related parties	(439)	—	(68)
Repurchase and cancellation of restricted shares . . .	—	—	(2,154)
Interest paid for lease liabilities	(1,817)	(1,450)	(4,022)
Repayment of lease liabilities	(30,309)	(27,359)	(26,558)
Dividends paid to non-controlling shareholders of subsidiaries	(30,627)	(47,093)	(46,327)
Interest paid for loan from a related party	(63,812)	—	(66,603)
Repayment of loan from a related party	(343,400)	—	(1,000,000)
Dividends paid to the shareholders of the Company .	(493,095)	(986,190)	(1,482,163)
Payment on repurchase of shares	(499,998)	—	—
Interest paid for borrowings	(558,748)	(434,010)	(398,355)
Repayment of borrowings	<u>(17,978,205)</u>	<u>(11,236,336)</u>	<u>(6,661,379)</u>
Net cash used in financing activities	<u>(2,416,316)</u>	<u>(5,136,912)</u>	<u>(4,454,405)</u>
Net increase (decrease) in cash and cash equivalents			
Effect of foreign exchange rate changes	1,187,522	(1,204,098)	384,146
Effect of foreign exchange rate changes	278,394	15,362	59,139
Cash and cash equivalents at the beginning of the year	<u>10,216,339</u>	<u>11,682,255</u>	<u>10,493,519</u>
Cash and cash equivalents at the end of the year	<u>11,682,255</u>	<u>10,493,519</u>	<u>10,936,804</u>

NOTES TO THE FINANCIAL INFORMATION

1. INFORMATION

The Company was incorporated in the PRC as a joint stock company with limited liability. In March 2015, the Company was listed on the Shenzhen Stock Exchange (stock code: 300433). The Company's immediate and ultimate holding company is Lens Technology (HK) Co., Ltd. The Company is ultimately controlled by Ms. Chau Kwan Fei and Mr. Cheng Chun Lung ("Mr. Cheng"), spouse of Ms. Chau Kwan Fei, who act in concert with each other. Ms. Chau Kwan Fei is also the Chair and an executive director of the Company, and Mr. Cheng is the Vice-Chair and an executive director of the Company. Lens Technology (HK) Co., Ltd., Ms. Chau Kwan Fei and Mr. Cheng together are referred to the Controlling Shareholders. The addresses of the registered office and principal place of business of the Company are the same as the registered office in the PRC and the headquarter in the PRC as stated in the section headed "Corporate Information" of the Prospectus.

The Group is principally engaged in the businesses of research and development, design, manufacturing and sales of various structural parts, functional modules and others, such as complete device assembly for consumer electronics, smart vehicles and other emerging areas throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 44.

The statutory consolidated financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 prepared in accordance with the relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合伙)), certified public accountants registered in the PRC.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

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

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing the Historical Financial Information for the Track Record Period, the Group has consistently applied the IFRS Accounting Standards issued by the IASB, which are effective for the accounting period beginning on 1 January 2024 throughout the Track Record Period.

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

The Group has not early applied the following new and amendments to IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements which, the directors of the Company anticipate, the impact will not be material.

Except as described above, the Directors anticipate that the application of the amendments to IFRS Accounting Standards will have no material impact on the Group’s financial position and performance in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved when the Company:

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

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

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

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

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

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired.

Investments in subsidiaries

Investments in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

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

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

Revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

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

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases for staff quarters and warehouses that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and any initial direct cost incurred by the Group.

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

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

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statements of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable.

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

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

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Borrowing costs

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

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

Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. The Group's obligation is to make the required contributions under the scheme. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payment

Equity-settled share-based payment transactions

Shares/share options granted to employees

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

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

When share options are exercised, the amount previously recognised in capital reserve will be transferred to share premium.

When shares granted are vested, the amount previously recognised in capital reserve will be transferred to share premium.

Taxation

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

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 “Income Taxes” requirements to lease liabilities and the related assets separately.

The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

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

Buildings, machinery and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is recognised as an expense in the period in which it is incurred where no internally-generated intangible asset can be recognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Impairment on property, plant and equipment, right-of-use assets, investment property and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment property and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, investment property and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

(i) Amortised cost and interest income

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

(ii) Bills receivables classified at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

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

(iv) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9 “Financial Instruments”

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and credit-impaired and collectively for the remaining debtors using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

uses a practical expedient in estimating ECL on trade receivables, which are not assessed individually, using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually. Except as those trade receivables, lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

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

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

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

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

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, where the corresponding adjustment is recognised through a loss allowance account. For bills receivables are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these bills receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of bills receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, loan from a related party and borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Deferred tax asset

As at 31 December 2022, 2023 and 2024, a deferred tax asset of RMB531,028,000, RMB665,545,000, and RMB824,043,000, respectively, in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statements of financial position. No deferred tax asset has been recognised on the tax losses of RMB3,105,107,000, RMB3,099,773,000, and RMB2,296,299,000, respectively, for certain subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment. In cases where the actual future taxable profits generated are less or more than expected, or change in

facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Net realisable value of inventories

As at 31 December 2022, 2023 and 2024, the carrying amount of the Group's inventories is RMB6,685,009,000, RMB6,682,659,000, and RMB7,160,553,000, respectively. During the years ended 31 December 2022 and 2023, a reversal of write-down of inventories of RMB442,288,000, RMB99,018,000 was recognised or in profit or loss, respectively. During the year ended 31 December 2024, a write-down of inventories of RMB47,859,000 was recognised or in profit or loss.

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The Group assesses the net realisable value of inventories as well as the amount of write-down of inventory provision at the end of each reporting period, which involves significant judgement on determination of the estimated selling prices, costs to completion and costs necessary to make the sale.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2022, 2023 and 2024, the carrying amounts of goodwill was RMB2,970,144,000, RMB2,970,144,000 and RMB2,970,144,000, respectively. Details of the calculation of recoverable amounts are disclosed in Note 21.

Provision of ECL for trade receivables

Trade receivables of the Group with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 41.

6. REVENUE AND SEGMENT INFORMATION

(i) Revenue

The following is an analysis of the Group's revenue from major end use products and services:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Smartphones and computers	38,213,811	44,900,632	57,754,169
Smart vehicles and cockpits	3,583,820	4,998,464	5,934,795
Intelligent head-mounted displays and smart wearables	3,538,691	3,103,753	3,488,408
Others smart devices	171,817	164,872	1,408,378
Scraps and materials	447,868	451,831	426,465
Processing fee	571,446	652,969	635,804
Others	75,772	91,540	108,739
Revenue from contracts with customers	46,603,225	54,364,061	69,756,758
Leases	95,321	126,673	140,018
Total	46,698,546	54,490,734	69,896,776

Geographical information

The Group's operations are located in the PRC (country of domicile), the United States of America (the "U.S."), Vietnam, Mexico and Japan.

Information about the Group's revenue from external customers is presented based on delivery destination or the shipping destination on customs declaration.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Offshore			
— Special supervision territory in China (note)	28,896,418	24,822,418	27,496,661
— Vietnam	4,871,324	5,420,199	4,882,063
— Asia (excluding Mainland China and Vietnam)	2,811,336	4,187,813	6,079,024
— North America	1,544,346	2,008,840	2,036,548
— Others	143,019	367,288	484,087
	38,266,443	36,806,558	40,978,383
Mainland China (excluding special supervision territory) (note)	8,432,103	17,684,176	28,918,393
	46,698,546	54,490,734	69,896,776

Note: During the years ended 31 December 2022, 2023 and 2024, the amount of Group's total revenue from Mainland China (country of domicile), represented by domestic and special supervision territory within the PRC (excluding Hong Kong, Macao and Taiwan) is RMB37,328,521,000, RMB42,506,594,000, and RMB56,415,054,000, respectively.

Timing of revenue from contracts with customers recognition

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on the receipt of products by customers.

Processing fee is recognised at the point in time when the processing has been completed and the control of the processed product is transferred to customers.

The Group requires an advance payment or grants the customers a credit period from 30 days to 120 days based on the assessed credit worthiness of the customers. A contract liability represents the Group's obligation to transfer goods or services for which the Group has received consideration from the customer.

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

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

(iv) Leases

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
For operating leases:			
Lease payments that are fixed	95,321	126,673	140,018

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with non-cancellable lease terms of between 5 to 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. Lease payments are usually adjusted every year to reflect market rentals. None of the leases includes variable lease payments.

(v) Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision makers, focus on the overall results and financial position of the Group, therefore no other discrete financial information is provided other than the Group's results and financial position as a whole. The Group has only one single operating and reportable segment and only entity-wide disclosures are presented.

Geographical information

The details of the Group's revenue from external customers by geographical markets of the products presented based on delivery destination or the shipping destination on customs declaration are set out in Note 6(i). Information about the Group's non-current assets is presented based on the geographical location of the assets.

The Group's non-current assets (excluding deferred tax assets and financial assets) of RMB43,312,814,000, RMB42,494,649,000 and RMB42,649,416,000 are located in the PRC as at 31 December 2022, 2023 and 2024, respectively. The remaining non-current assets are located in the U.S., Vietnam, Mexico and Japan, with each jurisdiction's individual non-current assets constituting less than 10% to the Group's non-current assets.

(vi) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follow:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Customer A (note i)	33,136,151	31,512,267	34,566,472
Customer B (notes i & ii)	N/A	8,472,733	16,328,058

Notes:

- (i) The customer is a group of companies under the same holding company.
- (ii) The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2022.

7. OTHER INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants			
— related to expense items (note)	434,037	698,327	163,015
— related to assets (Note 35)	58,497	60,679	61,826
	492,534	759,006	224,841
Interest income	147,893	218,288	254,979
Compensation income	17,458	20,828	32,567
Others	20,691	19,087	54,637
	678,576	1,017,209	567,024

Note: The amount mainly represents various subsidies received from the PRC government authorities for the purpose of motivating the business development of the Group. There were no unfulfilled conditions or contingencies relating to these government grants.

8. REVERSAL OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES RECOGNISED) UNDER ECL MODEL, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Impairment losses reversed (recognised) on:			
— Trade and bills receivables	53,444	(2,242)	(15,600)
— Other receivables	(9,227)	3,527	(18,228)
— Amounts due from related parties	(255)	(26)	(31)
	<u>43,962</u>	<u>1,259</u>	<u>(33,859)</u>

Details of impairment assessment are set out in Note 41.

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net foreign exchange gains	231,526	59,455	193,232
Net gain from changes in fair value of financial assets/ liabilities at FVTPL	208,904	195,897	207,985
Loss on disposal of property, plant and equipment and intangible assets	(119,874)	(37,304)	(16,837)
Others	<u>456</u>	<u>609</u>	<u>—</u>
	<u>321,012</u>	<u>218,657</u>	<u>384,380</u>

10. FINANCE COSTS

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on borrowings	569,573	471,022	382,959
Interest on loan from a related party (<i>Note 42</i>)	44,826	37,514	1,457
Interest on lease liabilities	<u>1,817</u>	<u>1,450</u>	<u>4,022</u>
Total borrowing costs	<u>616,216</u>	<u>509,986</u>	<u>388,438</u>

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current tax:			
— PRC Enterprise Income Tax	287,583	388,490	291,434
— Hong Kong	55,864	42,278	9,264
— Vietnam	33,719	48,075	43,011
— U.S.	213	299	816
— Other jurisdictions	—	88	215
	<u>377,379</u>	<u>479,230</u>	<u>344,740</u>
Under provision in prior years:			
— PRC Enterprise Income Tax	2,928	8,426	8,922
— Hong Kong	<u>(7)</u>	<u>—</u>	<u>—</u>
	<u>2,921</u>	<u>8,426</u>	<u>8,922</u>
Deferred tax (<i>Note 24</i>)	<u>14,769</u>	<u>(275,594)</u>	<u>(181,601)</u>
	<u><u>395,069</u></u>	<u><u>212,062</u></u>	<u><u>172,061</u></u>

PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25%.

The Company and certain of its PRC subsidiaries are accredited as High New Tech Enterprises during the Track Record Period and are subject to preferential tax rate of 15% during the respective accredited period in the Track Record Period.

Pursuant to relevant laws and regulations in the PRC, several subsidiaries are eligible as a Small Low-profit Enterprise (小型微利企業) and are subject to preferential tax treatments during the Track Record Period.

From 1 January 2022 to 31 December 2022, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB1.0 million was reduced to 12.5% and taxed at a rate of 20%. From 1 January 2023 to 31 December 2024, for Small Low-profit Enterprises, the annual taxable income not exceeding RMB3.0 million was reduced to 25% and taxed at a rate of 20%.

Hong Kong

The Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

Vietnam

The Company's subsidiary domiciled in Vietnam is subject to a corporate income tax rate of 20%. According to the policies promulgated by the local policy, all eligible enterprises are subsequently entitled to two-year income tax exemptions followed by four years' 50% reduction of the statutory income tax rates, starting from their first profit making year. The Company's Vietnam subsidiary is qualified as an eligible enterprise and was entitled to the two years' exemption from income tax followed by four years of 50% tax reduction with effect from 2020 and entitled to a preferential income tax rate of 10% during the Track Record Period.

U.S.

Pursuant to the applicable U.S. federal and state income tax laws, the U.S. subsidiaries have provided income taxes on their federal and state taxable income at the 21% U.S. federal statutory corporate income tax rate and states statutory corporate tax rates of up to 8.84% throughout the Track Record Period.

Other jurisdictions

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

The tax charge for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Profit before tax	2,914,890	3,253,889	3,848,916
Tax at the preferential tax rate of 15%	437,234	488,083	577,337
Tax effect of expenses not deductible for tax purposes	117,952	12,277	23,074
Effect of different tax rates of the subsidiaries	99,754	102,037	92,298
Tax effect of income not taxable for tax purpose . .	(1,880)	(402)	(54,648)
Utilisation of tax losses previously not recognised .	(27,579)	(60,189)	(134,897)
Tax effect of deductible temporary differences and tax losses not recognised	141,163	39,487	15,185
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate (note i)	—	(89,628)	—
Additional deduction of research and development expenses (note ii)	(312,605)	(279,804)	(351,320)
Additional deduction of acquisition of equipment (note iii)	(56,586)	—	—
Under provision in respect of prior years	2,921	8,426	8,922
Others	(5,305)	(8,225)	(3,890)
	<u>395,069</u>	<u>212,062</u>	<u>172,061</u>

Notes:

- (i) A PRC subsidiary applied High New Tech Enterprises in 2023 and enjoys preferential tax rate of 15% for the years ended 31 December 2023 and 2024.
- (ii) According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from 1 January 2022 to 30 September 2022 and for the period from 1 October 2022 to 31 December 2024, respectively.
- (iii) The State Taxation Administration of the PRC announced in September 2022 that enterprises accredited as “High New Tech Enterprises” would be entitled to claim 100% of the purchase price for equipment and appliances newly purchased during the period from 1 October 2022 to 31 December 2022 as tax deductible expenses and 100% additional deduction for the year ended 31 December 2022.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Directors' and supervisors' emoluments (<i>Note 13</i>)	11,300	11,400	12,520
Other staffs costs (excluding directors' and supervisors' emoluments)			
— Salaries and other benefit, including share-based payment expenses	12,183,302	11,039,693	12,590,852
— Retirement benefits scheme contributions	869,038	779,575	871,074
Total staff costs	13,063,640	11,830,668	13,474,446
Capitalised in inventories	(10,766,033)	(9,264,719)	(10,482,249)
	<u>2,297,607</u>	<u>2,565,949</u>	<u>2,992,197</u>
Depreciation of property, plant and equipment	4,340,696	4,632,953	4,770,849
Depreciation of investment properties	44,241	52,934	56,260
Depreciation of right-of-use assets	96,941	96,477	115,217
Amortisation of intangible assets	202,411	208,168	210,244
Total depreciation and amortisation	4,684,289	4,990,532	5,152,570
Capitalised in inventories	(3,564,349)	(3,880,871)	(4,043,350)
	<u>1,119,940</u>	<u>1,109,661</u>	<u>1,109,220</u>
Auditor's remuneration	2,000	2,400	2,900
Impairment losses recognised on property, plant and equipment, included in administrative expenses	273,077	73,242	226,942
Other expenses			
— Donation	10,032	6,848	8,216
Cost of inventories recognised as an expense	38,272,351	45,698,876	59,385,583
Excluding: (reversal of write-down) write-down of inventories	(442,288)	(99,018)	47,859

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company during the Track Record Period disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance are as follows:

	Fees	Salaries, bonus and other allowances (note i)	Share-based payment	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended</i>					
<i>31 December 2022</i>					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	892	—	8	900
Independent non-executive directors:					
Mr. Tang Guoping (note ii) .	100	—	—	—	100
Ms. Wan Wei	100	—	—	—	100
Mr. Liu Yue	100	—	—	—	100
Mr. Peng Diefeng	100	—	—	—	100
Supervisors:					
Mr. Kuang Hongfeng	—	692	—	8	700
Mr. Tang Jun	—	492	—	8	500
Ms. Zhou Xinyi	—	792	—	8	800
	<u>400</u>	<u>10,836</u>	<u>—</u>	<u>64</u>	<u>11,300</u>

		Salaries, bonus and other allowances (note i)	Share-based payment	Retirement benefit scheme contributions	Total
	Fees				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended</i>					
<i>31 December 2023</i>					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	780	112	8	900
Independent non-executive directors:					
Mr. Tang Guoping (note ii) .	50	—	—	—	50
Mr. Yang Songbai(note iii) .	50	—	—	—	50
Ms. Wan Wei	100	—	—	—	100
Mr. Liu Yue	100	—	—	—	100
Mr. Peng Diefeng	100	—	—	—	100
Supervisors:					
Mr. Kuang Hongfeng	—	792	—	8	800
Mr. Tang Jun	—	492	—	8	500
Ms. Zhou Xinyi	—	792	—	8	800
	<u>400</u>	<u>10,824</u>	<u>112</u>	<u>64</u>	<u>11,400</u>

	Fees	Salaries, bonus and other allowances (note i)	Share-based payment	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>For the year ended</i>					
<i>31 December 2024</i>					
Executive directors:					
Ms. Chau Kwan Fei	—	4,984	—	16	5,000
Mr. Cheng Chun Lung	—	2,984	—	16	3,000
Mr. Rao Qiaobing	—	530	462	8	1,000
Independent non-executive directors:					
Mr. Yang Songbai (note iii & iv)	130	—	—	—	130
Ms. Wan Wei	130	—	—	—	130
Mr. Liu Yue	130	—	—	—	130
Mr. Peng Diefeng (note iv) .	130	—	—	—	130
Supervisors:					
Mr. Kuang Hongfeng (note iv)	—	992	—	8	1,000
Mr. Tang Jun	—	992	—	8	1,000
Ms. Zhou Xinyi	—	992	—	8	1,000
	<u>520</u>	<u>11,474</u>	<u>462</u>	<u>64</u>	<u>12,520</u>

Notes:

- (i) The discretionary bonus is determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.
- (ii) Mr. Tang Guoping resigned as an independent non-executive director of the Company on 31 July 2023.
- (iii) Mr. Yang Songbai was appointed as an independent non-executive director of the Company on 18 October 2023.
- (iv) Mr. Yang Songbai and Mr. Peng Diefeng resigned as an independent non-executive director of the Company on 21 January 2025. Mr. Kuang Hongfeng resigned as a supervisor of the Company on 21 January 2025.
- (v) Mr. Tian Hong and Mr. Xie Zhiming were appointed as an independent non-executive director of the Company on 21 January 2025. Mr. Chen Xiaoqun was appointed as a supervisor of the Company on 21 January 2025.

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company during the Track Record Period.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The supervisors' emoluments shown above were for their services as supervisors of the Company.

During the Track Record Period, certain directors were granted restricted shares, in respect of their services to the Group under the Restricted A-share Scheme of the Company. Details of the share-based payment are set out in note 38 to the Historical Financial Information.

During the Track Record Period, there have been no arrangement under which a director or a supervisor waived or agreed to waive any remuneration.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included four, five and five directors and supervisors during the years ended 31 December 2022, 2023 and 2024, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining one, nil and nil highest paid individual during the years ended 31 December 2022, 2023 and 2024, respectively, are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries and other benefits, including share-based payment expenses	522	—	—
Discretionary bonus	270	—	—
Retirement benefit scheme contributions	8	—	—
	<u>800</u>	<u>—</u>	<u>—</u>

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

	Year ended 31 December		
	2022	2023	2024
	No. of employees	No. of employees	No. of employees
Nil to Hong Kong dollar ("HK\$") 1,000,000	<u>1</u>	<u>—</u>	<u>—</u>

No emoluments had been paid by the Group to any of the directors or the supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dividend for ordinary shareholders of the Company	<u>493,095</u>	<u>986,190</u>	<u>1,482,163</u>

During the year ended 31 December 2022, the Company declared and paid cash dividend of RMB0.10 per ordinary share, in aggregate of RMB493,095,000, to ordinary shareholders of the Company.

During the year ended 31 December 2023, the Company declared and paid cash dividend of RMB0.20 per ordinary share, in aggregate of RMB986,190,000, to ordinary shareholders of the Company.

During the year ended 31 December 2024, the Company declared and paid cash dividend of RMB0.30 per ordinary share, in aggregate of RMB1,482,163,000, to ordinary shareholders of the Company.

Subsequent to the end of the Track Record Period, a final dividend in respect of the year ended 31 December 2024 of RMB0.40 per ordinary share, in aggregate of RMB1,983,582,000, was approved by the shareholders of the Company at the general meeting on 18 April 2025.

16. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share, as applicable, attributable to the owners of the Company is based on the following data:

	Year ended 31 December		
	2022	2023	2024
Earnings (RMB'000):			
Profit for the year attributable to owners of the Company	<u>2,448,037</u>	<u>3,021,342</u>	<u>3,623,901</u>
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note</i>)	4,942,628	4,930,952	4,936,803
Effect of dilutive potential ordinary shares: Restricted A-share Scheme	<u>N/A</u>	<u>2,910</u>	<u>11,783</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,942,628</u>	<u>4,933,862</u>	<u>4,948,586</u>

Note: Treasury shares and restricted shares subject to repurchase were excluded in calculating the weighted average number of ordinary shares of the purpose of basic earnings per share.

No diluted earnings per share for the year ended 31 December 2022 were presented as there were no potential dilutive ordinary shares in issue for the year.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	Construction in progress ("CIP")	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	15,614,696	32,395,581	561,505	3,159,338	4,685,582	2,320,426	58,737,128
Additions	924	3,625,097	11,262	688,865	433,564	2,592,859	7,352,571
Transfers	2,669,960	516,030	95	24,815	243,733	(3,454,633)	—
Transfers to investment properties (<i>Note 19</i>) . .	(92,892)	—	—	—	—	(224,507)	(317,399)
Disposals	(10,323)	(935,506)	(1,632)	(115,019)	(58,689)	(28,051)	(1,149,220)
Exchange adjustments . .	<u>32,943</u>	<u>13,620</u>	<u>177</u>	<u>495</u>	<u>678</u>	<u>—</u>	<u>47,913</u>
At 31 December 2022 . .	18,215,308	35,614,822	571,407	3,758,494	5,304,868	1,206,094	64,670,993
Additions	18,637	1,993,186	7,364	440,185	238,641	2,004,379	4,702,392
Transfers	1,256,709	370,912	790	200,141	441,253	(2,269,805)	—
Transfers to investment properties (<i>Note 19</i>) . .	(83,330)	—	—	—	—	(39,729)	(123,059)
Disposals	(77)	(716,172)	(2,281)	(33,721)	(57,271)	(8,800)	(818,322)
Exchange adjustments . .	<u>(6,962)</u>	<u>(3,594)</u>	<u>25</u>	<u>(100)</u>	<u>(121)</u>	<u>—</u>	<u>(10,752)</u>
At 31 December 2023 . .	19,400,285	37,259,154	577,305	4,364,999	5,927,370	892,139	68,421,252
Additions	3,220	2,796,601	10,081	544,431	310,920	2,117,094	5,782,347
Transfers	794,269	597,765	21	58,437	162,286	(1,612,778)	—
Transfers from investment properties (<i>Note 19</i>)	125,371	—	—	—	—	—	125,371
Disposals	(10,131)	(791,634)	(10,068)	(64,356)	(33,334)	(10,091)	(919,614)
Exchange adjustments . .	<u>(23,719)</u>	<u>(38,762)</u>	<u>951</u>	<u>(3,951)</u>	<u>(1,937)</u>	<u>—</u>	<u>(67,418)</u>
At 31 December 2024 . .	<u>20,289,295</u>	<u>39,823,124</u>	<u>578,290</u>	<u>4,899,560</u>	<u>6,365,305</u>	<u>1,386,364</u>	<u>73,341,938</u>

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Office and other equipment</u>	<u>CIP</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
DEPRECIATION							
At 1 January 2022	3,244,934	15,042,618	138,760	1,758,735	3,207,505	—	23,392,552
Provided for the year	793,668	2,547,921	29,432	450,130	519,545	—	4,340,696
Transfers to investment properties (<i>Note 19</i>) . . .	(46,969)	—	—	—	—	—	(46,969)
Eliminated on disposals . .	(2,245)	(675,447)	(1,144)	(78,151)	(46,164)	—	(803,151)
Exchange adjustments . . .	<u>5,039</u>	<u>3,644</u>	<u>110</u>	<u>252</u>	<u>511</u>	<u>—</u>	<u>9,556</u>
At 31 December 2022 . . .	3,994,427	16,918,736	167,158	2,130,966	3,681,397	—	26,892,684
Provided for the year	678,645	2,599,214	27,318	557,369	770,407	—	4,632,953
Transfers to investment properties (<i>Note 19</i>) . . .	(3,943)	—	—	—	—	—	(3,943)
Eliminated on disposals . .	(38)	(528,772)	(2,080)	(29,053)	(47,794)	—	(607,737)
Exchange adjustments . . .	<u>(1,268)</u>	<u>(726)</u>	<u>13</u>	<u>69</u>	<u>(87)</u>	<u>—</u>	<u>(1,999)</u>
At 31 December 2023 . . .	4,667,823	18,988,452	192,409	2,659,351	4,403,923	—	30,911,958
Provided for the year	945,502	2,847,027	27,875	447,202	503,243	—	4,770,849
Transfers from investment properties (<i>Note 19</i>) . . .	69,310	—	—	—	—	—	69,310
Eliminated on disposals . .	(6,673)	(583,359)	(9,120)	(58,309)	(29,046)	—	(686,507)
Exchange adjustments . . .	<u>(5,252)</u>	<u>(6,204)</u>	<u>(6)</u>	<u>(672)</u>	<u>(492)</u>	<u>—</u>	<u>(12,626)</u>
At 31 December 2024 . . .	<u>5,670,710</u>	<u>21,245,916</u>	<u>211,158</u>	<u>3,047,572</u>	<u>4,877,628</u>	<u>—</u>	<u>35,052,984</u>
IMPAIRMENT							
At 1 January 2022	—	304,889	15	7,627	2,680	41,339	356,550
Provided for the year	—	244,488	—	8,565	1,008	19,016	273,077
Eliminated on disposals . .	<u>—</u>	<u>(118,575)</u>	<u>—</u>	<u>(3,034)</u>	<u>(56)</u>	<u>(24,013)</u>	<u>(145,678)</u>
At 31 December 2022 . . .	—	430,802	15	13,158	3,632	36,342	483,949
Provided for the year	—	50,536	93	8,076	216	14,321	73,242
Eliminated on disposals . .	<u>—</u>	<u>(127,301)</u>	<u>(1)</u>	<u>(1,642)</u>	<u>(533)</u>	<u>(7,730)</u>	<u>(137,207)</u>
At 31 December 2023 . . .	—	354,037	107	19,592	3,315	42,933	419,984
Provided for the year	—	184,307	101	3,224	5,367	33,943	226,942
Eliminated on disposals . .	<u>—</u>	<u>(151,506)</u>	<u>(190)</u>	<u>(4,964)</u>	<u>(547)</u>	<u>(9,901)</u>	<u>(167,108)</u>
At 31 December 2024 . . .	<u>—</u>	<u>386,838</u>	<u>18</u>	<u>17,852</u>	<u>8,135</u>	<u>66,975</u>	<u>479,818</u>
CARRYING VALUES							
At 31 December 2022 . . .	<u>14,220,881</u>	<u>18,265,284</u>	<u>404,234</u>	<u>1,614,370</u>	<u>1,619,839</u>	<u>1,169,752</u>	<u>37,294,360</u>
At 31 December 2023 . . .	<u>14,732,462</u>	<u>17,916,665</u>	<u>384,789</u>	<u>1,686,056</u>	<u>1,520,132</u>	<u>849,206</u>	<u>37,089,310</u>
At 31 December 2024 . . .	<u>14,618,585</u>	<u>18,190,370</u>	<u>367,114</u>	<u>1,834,136</u>	<u>1,479,542</u>	<u>1,319,389</u>	<u>37,809,136</u>

The Company

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2022	4,463,926	9,139,090	21,469	1,157,718	1,991,127	29,187	16,802,517
Additions	—	789,584	441	175,021	60,594	163,905	1,189,545
Transfers	54,533	26,974	—	101	93,889	(175,497)	—
Transfers to investment properties (<i>Note 19</i>) .	(204,928)	—	—	—	—	(298)	(205,226)
Disposals	(1,159)	(864,575)	(41)	(62,524)	(47,862)	—	(976,161)
At 31 December 2022 . .	4,312,372	9,091,073	21,869	1,270,316	2,097,748	17,297	16,810,675
Additions	—	332,754	254	51,689	5,857	146,007	536,561
Transfers	11,073	70,581	19	522	23,334	(105,529)	—
Transfers to investment properties (<i>Note 19</i>) .	—	—	—	—	—	(655)	(655)
Disposals	(77)	(312,476)	(677)	(44,869)	(23,856)	—	(381,955)
At 31 December 2023 . .	4,323,368	9,181,932	21,465	1,277,658	2,103,083	57,120	16,964,626
Additions	136,317	747,408	1,546	75,984	60,918	563,057	1,585,230
Transfers	80,305	47,713	—	8,631	74,258	(210,907)	—
Transfers to investment properties (<i>Note 19</i>) .	—	—	—	—	—	(42,439)	(42,439)
Disposals	—	(379,965)	(5,631)	(60,634)	(20,424)	—	(466,654)
At 31 December 2024 . .	<u>4,539,990</u>	<u>9,597,088</u>	<u>17,380</u>	<u>1,301,639</u>	<u>2,217,835</u>	<u>366,831</u>	<u>18,040,763</u>

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Office and other equipment	CIP	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
DEPRECIATION							
At 1 January 2022	1,141,480	3,698,059	17,426	668,778	1,373,035	—	6,898,778
Provided for the year	228,887	679,712	767	174,561	195,710	—	1,279,637
Transfers to investment properties (<i>Note 19</i>) . . .	(14,482)	—	—	—	—	—	(14,482)
Eliminated on disposals . .	(550)	(416,036)	(4)	(44,516)	(30,264)	—	(491,370)
At 31 December 2022 . . .	1,355,335	3,961,735	18,189	798,823	1,538,481	—	7,672,563
Provided for the year	206,729	706,168	649	138,775	155,454	—	1,207,775
Eliminated on disposals . .	(38)	(164,979)	(586)	(13,596)	(21,358)	—	(200,557)
At 31 December 2023 . . .	1,562,026	4,502,924	18,252	924,002	1,672,577	—	8,679,781
Provided for the year	216,243	739,528	572	88,042	97,893	—	1,142,278
Eliminated on disposals . .	—	(241,190)	(5,044)	(50,459)	(18,093)	—	(314,786)
At 31 December 2024 . . .	1,778,269	5,001,262	13,780	961,585	1,752,377	—	9,507,273
IMPAIRMENT							
At 1 January 2022	—	56,701	—	4,287	134	—	61,122
Provided for the year	—	47,935	—	387	30	—	48,352
Eliminated on disposals . .	—	(34,121)	—	(2,250)	(13)	—	(36,384)
At 31 December 2022 . . .	—	70,515	—	2,424	151	—	73,090
Provided for the year	—	223	—	565	23	—	811
Eliminated on disposals . .	—	(10,251)	—	—	(4)	—	(10,255)
At 31 December 2023 . . .	—	60,487	—	2,989	170	—	63,646
Provided for the year	—	30,952	—	2,773	3,379	—	37,104
Eliminated on disposals . .	—	(55,012)	—	(1,821)	(134)	—	(56,967)
At 31 December 2024 . . .	—	36,427	—	3,941	3,415	—	43,783
CARRYING VALUES							
At 31 December 2022 . . .	<u>2,957,037</u>	<u>5,058,823</u>	<u>3,680</u>	<u>469,069</u>	<u>559,116</u>	<u>17,297</u>	<u>9,065,022</u>
At 31 December 2023 . . .	<u>2,761,342</u>	<u>4,618,521</u>	<u>3,213</u>	<u>350,667</u>	<u>430,336</u>	<u>57,120</u>	<u>8,221,199</u>
At 31 December 2024 . . .	<u>2,761,721</u>	<u>4,559,399</u>	<u>3,600</u>	<u>336,113</u>	<u>462,043</u>	<u>366,831</u>	<u>8,489,707</u>

The Group's and the Company's property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Transfers to, or from, investment property are made when, and only when, there is a change in use, evidenced by (i) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (ii) end of owner-occupation, for a transfer from owner-occupied property to investment property.

The above items of property, plant and equipment except for construction in progress are depreciated on a straight-line basis over the useful lives as follows:

Buildings	20 years
Machinery and equipment	10 years
Motor vehicles	3 to 25 years
Electronic equipment	5 years
Office and other equipment	3 to 10 years

The Group is in the process of obtaining the property ownership certificates of buildings with carrying amounts of RMB3,055,226,000, RMB568,642,000, and RMB207,479,000 as at 31 December 2022, 2023 and 2024, respectively.

Impairment Assessment:

Management of the Group concluded there was indication for impairment when an equipment is not expected to be used in the operations, this is normally when the cost of upgrading or maintaining the equipment outweighed its use. The assessment is performed on individual asset base. Impairment amounted to RMB273,077,000, RMB73,242,000 and RMB226,942,000 are recognised during the years ended 31 December 2022, 2023 and 2024, respectively.

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2022			
Carrying amounts	3,000,639	51,218	3,051,857
As at 31 December 2023			
Carrying amounts	3,209,458	51,589	3,261,047
As at 31 December 2024			
Carrying amounts	3,252,462	188,695	3,441,157
For the year ended 31 December 2022			
Depreciation charge	67,494	29,447	96,941
For the year ended 31 December 2023			
Depreciation charge	68,638	27,839	96,477
For the year ended 31 December 2024			
Depreciation charge	75,076	40,141	115,217
	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases	11,725	26,853	80,846
Total cash outflow for leases	43,851	333,316	229,746
Addition to right-of-use assets	25,194	305,864	303,393

The Company

	Leasehold land	Leased properties	Total
	RMB'000	RMB'000	RMB'000
As at 31 December 2022			
Carrying amounts	<u>387,743</u>	<u>32,644</u>	<u>420,387</u>
As at 31 December 2023			
Carrying amounts	<u>378,279</u>	<u>24,355</u>	<u>402,634</u>
As at 31 December 2024			
Carrying amounts	<u>593,306</u>	<u>137,191</u>	<u>730,497</u>
For the year ended 31 December 2022			
Depreciation charge	<u>9,691</u>	<u>6,685</u>	<u>16,376</u>
For the year ended 31 December 2023			
Depreciation charge	<u>9,464</u>	<u>8,289</u>	<u>17,753</u>
For the year ended 31 December 2024			
Depreciation charge	<u>13,742</u>	<u>18,161</u>	<u>31,903</u>

The Group and the Company lease plant and staff quarters for its operations. Lease terms are negotiated by the Group and the Company on an individual basis and contain a wide range of different terms and conditions. The terms are fixed with various period, from 1 to 10 years. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company apply the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters and warehouses. As at 31 December 2022, 2023 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, the Group and the Company own several office buildings and industrial buildings. The industrial buildings are where its manufacturing facilities are primarily located. The Group and the Company are the registered owners of these property interests, including underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately, for which the Group and the Company have obtained the land use right certificates. The leasehold lands are depreciated on a straight-line basis over the term of the lease from 40 to 50 years.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

19. INVESTMENT PROPERTIES

The Group

	<u>Buildings</u>	<u>Leasehold lands</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
COST			
As at 1 January 2022	645,235	139,482	784,717
Transfers from property, plant and equipment (<i>Note 17</i>) . .	317,399	—	317,399
Transfer from right-of-use assets	<u>—</u>	<u>81,679</u>	<u>81,679</u>
As at 31 December 2022	962,634	221,161	1,183,795
Transfers from property, plant and equipment (<i>Note 17</i>) . .	<u>123,059</u>	<u>—</u>	<u>123,059</u>
As at 31 December 2023	1,085,693	221,161	1,306,854
Transfers to property, plant and equipment (<i>Note 17</i>) . . .	(125,371)	—	(125,371)
Transfer to right-of-use assets	<u>—</u>	<u>(11,085)</u>	<u>(11,085)</u>
As at 31 December 2024	<u>960,322</u>	<u>210,076</u>	<u>1,170,398</u>
DEPRECIATION			
As at 1 January 2022	116,533	16,350	132,883
Charge for the year	38,637	5,604	44,241
Transfers from property, plant and equipment (<i>Note 17</i>) . .	46,969	—	46,969
Transfer from right-of-use assets	<u>—</u>	<u>5,579</u>	<u>5,579</u>
As at 31 December 2022	202,139	27,533	229,672
Charge for the year	48,603	4,331	52,934
Transfers from property, plant and equipment (<i>Note 17</i>) . .	<u>3,943</u>	<u>—</u>	<u>3,943</u>
As at 31 December 2023	254,685	31,864	286,549
Charge for the year	51,619	4,641	56,260
Transfers to property, plant and equipment (<i>Note 17</i>) . . .	(69,310)	—	(69,310)
Transfer to right-of-use assets	<u>—</u>	<u>(3,878)</u>	<u>(3,878)</u>
As at 31 December 2024	<u>236,994</u>	<u>32,627</u>	<u>269,621</u>
CARRYING VALUES			
At 31 December 2022	<u>760,495</u>	<u>193,628</u>	<u>954,123</u>
At 31 December 2023	<u>831,008</u>	<u>189,297</u>	<u>1,020,305</u>
At 31 December 2024	<u>723,328</u>	<u>177,449</u>	<u>900,777</u>

The Company

	Buildings	Leasehold lands	Total
	RMB'000	RMB'000	RMB'000
COST			
As at 1 January 2022	108,956	20,009	128,965
Transfers from property, plant and equipment (<i>Note 17</i>) . .	205,226	—	205,226
Transfer from right-of-use assets	—	33,959	33,959
As at 31 December 2022	314,182	53,968	368,150
Transfers from property, plant and equipment (<i>Note 17</i>) . .	655	—	655
As at 31 December 2023	314,837	53,968	368,805
Transfers from property, plant and equipment (<i>Note 17</i>) . .	42,439	—	42,439
As at 31 December 2024	357,276	53,968	411,244
DEPRECIATION			
As at 1 January 2022	18,950	1,764	20,714
Charge for the year	10,453	853	11,306
Transfers from property, plant and equipment (<i>Note 17</i>) . .	14,482	—	14,482
Transfer from right-of-use assets	—	1,614	1,614
As at 31 December 2022	43,885	4,231	48,116
Charge for the year	14,481	1,079	15,560
As at 31 December 2023	58,366	5,310	63,676
Charge for the year	16,674	1,079	17,753
As at 31 December 2024	75,040	6,389	81,429
CARRYING VALUES			
At 31 December 2022	<u>270,297</u>	<u>49,737</u>	<u>320,034</u>
At 31 December 2023	<u>256,471</u>	<u>48,658</u>	<u>305,129</u>
At 31 December 2024	<u>282,236</u>	<u>47,579</u>	<u>329,815</u>

The above investment properties are depreciated on a straight-line basis on the following bases:

Buildings	20 years
Leasehold lands	40–50 years

The Group leases out office units, a factory and commercial property units under operating leases with rentals payable monthly. The leases typically run for an initial period of 5 to 15 years, with unilateral rights to extend the lease beyond initial period held by lessees only. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	1,637,980	1,550,920	1,246,400	275,873	262,527	289,173
Leasehold lands	361,080	362,100	332,690	58,466	58,986	58,637
	<u>1,999,060</u>	<u>1,913,020</u>	<u>1,579,090</u>	<u>334,339</u>	<u>321,513</u>	<u>347,810</u>

The fair value has been arrived at based on a valuation carried out by an independent qualified professional valuer not connected with the Group.

The fair value was determined based on the income approach or the cost approach based on location of the buildings and leasehold lands, whereby the income approach takes into account the projected future earnings of the subject of valuation and then converts the future earnings into value by using an appropriate rate of compensation or capitalisation rate to obtain the value of the subject of valuation; the cost approach takes into account the replacement or reconstruction cost of the subject of valuation at the time of valuation and depreciation, and subtracts depreciation from the replacement cost or reconstruction cost to obtain the value of the subject of valuation. The fair value of the Group's investment property as at 31 December 2022, 2023 and 2024 is grouped into Level 3 of fair value measurement. There has been no change from the valuation technique used in the Track Record Period.

20. INTANGIBLE ASSETS

The Group

	Software	Proprietary technology	Customer relationships	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
As at 1 January 2022	134,660	472,030	1,994,430	13,453	2,614,573
Additions	23,043	—	—	5,035	28,078
Disposals	(7,218)	—	—	—	(7,218)
As at 31 December 2022 . .	150,485	472,030	1,994,430	18,488	2,635,433
Additions	25,583	—	—	15,799	41,382
Disposals	—	—	—	(521)	(521)
Exchange adjustments	(19)	—	—	—	(19)
As at 31 December 2023 . .	176,049	472,030	1,994,430	33,766	2,676,275
Additions	14,501	—	—	—	14,501
Disposals	—	—	—	(138)	(138)
Exchange adjustments	(62)	—	—	—	(62)
As at 31 December 2024 . .	<u>190,488</u>	<u>472,030</u>	<u>1,994,430</u>	<u>33,628</u>	<u>2,690,576</u>

	Software	Proprietary technology	Customer relationships	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
AMORTISATION					
As at 1 January 2022	66,866	47,203	132,962	8,260	255,291
Charge for the year	19,370	47,203	132,962	2,876	202,411
Disposals	(7,218)	—	—	—	(7,218)
As at 31 December 2022 . .	79,018	94,406	265,924	11,136	450,484
Charge for the year	12,159	47,203	132,962	15,844	208,168
Disposals	—	—	—	(264)	(264)
Exchange adjustments	(2)	—	—	—	(2)
As at 31 December 2023 . .	91,175	141,609	398,886	26,716	658,386
Charge for the year	25,368	47,203	132,962	4,711	210,244
Disposals	—	—	—	(77)	(77)
Exchange adjustments	(18)	—	—	—	(18)
As at 31 December 2024 . .	116,525	188,812	531,848	31,350	868,535
CARRYING VALUES					
At 31 December 2022	<u>71,467</u>	<u>377,624</u>	<u>1,728,506</u>	<u>7,352</u>	<u>2,184,949</u>
At 31 December 2023	<u>84,874</u>	<u>330,421</u>	<u>1,595,544</u>	<u>7,050</u>	<u>2,017,889</u>
At 31 December 2024	<u>73,963</u>	<u>283,218</u>	<u>1,462,582</u>	<u>2,278</u>	<u>1,822,041</u>

All of the Group's proprietary technology and customer relationships were purchased as part of a business combination in prior years.

The Company

	<u>Software</u>	<u>Others</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
COST			
As at 1 January 2022	82,093	3,725	85,818
Additions	<u>13,470</u>	<u>—</u>	<u>13,470</u>
As at 31 December 2022	95,563	3,725	99,288
Additions	<u>20,980</u>	<u>—</u>	<u>20,980</u>
As at 31 December 2023	116,543	3,725	120,268
Additions	<u>2,664</u>	<u>—</u>	<u>2,664</u>
As at 31 December 2024	<u>119,207</u>	<u>3,725</u>	<u>122,932</u>
DEPRECIATION			
As at 1 January 2022	37,793	1,781	39,574
Charge for the year	<u>8,169</u>	<u>959</u>	<u>9,128</u>
As at 31 December 2022	45,962	2,740	48,702
Charge for the year	<u>9,264</u>	<u>985</u>	<u>10,249</u>
As at 31 December 2023	55,226	3,725	58,951
Charge for the year	<u>11,676</u>	<u>—</u>	<u>11,676</u>
As at 31 December 2024	<u>66,902</u>	<u>3,725</u>	<u>70,627</u>
CARRYING VALUES			
At 31 December 2022	<u>49,601</u>	<u>985</u>	<u>50,586</u>
At 31 December 2023	<u>61,317</u>	<u>—</u>	<u>61,317</u>
At 31 December 2024	<u>52,305</u>	<u>—</u>	<u>52,305</u>

The above items of intangible assets are amortised on a straight-line basis at the following estimated useful lives:

Software	3–10 years
Proprietary technology	10 years
Customer relationships (<i>note</i>)	15 years
Others	10 years

Note: The useful life of customer relationships has been estimated based on management's expectation of their beneficial life in conjunction with past collaborations and with reference to comparable companies and industry experience.

21. GOODWILL

	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
The Group			
COST AND CARRYING VALUES			
As at 1 January and 31 December	<u>2,970,144</u>	<u>2,970,144</u>	<u>2,970,144</u>

Goodwill acquired in a business combination of Lens Taizhou (as defined in note 42) in the year ended 31 December 2020 is tested for impairment annually. For the purposes of impairment testing, goodwill has been allocated to CGU, comprising the assets and liabilities that generate cash flows together with the related goodwill (the “Taizhou CGU”).

The recoverable amount of Taizhou CGU has been determined based on value in use calculations. The value in use calculation is based on cash flow projections with reference to financial budgets approved by management covering a five-year period, and a pre-tax discount rate of 10.9%, 10.7% and 10.6% at 31 December 2022, 2023 and 2024. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 0%, 0% and 0% at 31 December 2022, 2023 and 2024. Expected cash inflows/outflows, which include estimations of growth rates of business volume, unit price and cost of sales, have been determined based on past performance and management’s expectations of the market development. The discount rate used reflects the cost of capital of Taizhou CGU and the industry specific factors.

The Group engages an independent qualified valuer, Beijing Zhonglin Assets Appraisal Co., Ltd. to assess the growth rates and discount rates used in the value in use calculation.

During the year ended 31 December 2022, 2023 and 2024, management of the Group determines that there is no impairment of the Taizhou CGU as the recoverable amount exceeds its carrying amount by RMB259,893,000, RMB362,829,000, and RMB 554,112,000, respectively. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the Taizhou CGU to exceed the recoverable amount determined. If the pre-tax discount rate was changed to 11.1%, 11.0%, and 11.1%, respectively, while other parameters remain constant, the recoverable amount of Taizhou CGU would equal its carrying amount.

22. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>The Group</u>			<u>The Company</u>		
	<u>As at 31 December</u>			<u>As at 31 December</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cost of investment	337,115	337,115	317,100	282,315	282,315	282,300
Share of post-acquisition profit, net of dividends received	<u>142,422</u>	<u>37,842</u>	<u>8,565</u>	<u>139,055</u>	<u>35,672</u>	<u>2,410</u>
	<u>479,537</u>	<u>374,957</u>	<u>325,665</u>	<u>421,370</u>	<u>317,987</u>	<u>284,710</u>

Details of each of the Group's investments accounted for using the equity method at the end of each reporting period are as follows:

The Group

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Dongguan Yutong Precision Technology Co., Ltd. ("Dongguan Yutong") 東莞市裕同精密科技 有限公司 (note i)	The PRC	40.00	40.00	N/A	40.00	40.00	N/A	Computer, communications and other electronic equipment manufacturing
Dongguan Yuya Technology Co., Ltd. ("Dongguan Yuya") 東莞市裕雅科技 有限公司	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Computer, communications and other electronic equipment manufacturing
Hunan Huajiang Education Consulting Co., Ltd. ("Hunan Huajiang") (湖南華匠教育諮詢有限公司) (note i) . . .	The PRC	49.00	49.00	N/A	49.00	49.00	N/A	Education
Hunan Juhong Technology Co., Ltd. ("Hunan Juhong") 湖南鉅宏科技 有限公司	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Professional and technical services
Ningxia Xinjingsheng Electronic Materials Co., Ltd. ("Ningxia Xinjingsheng") 寧夏鑫晶盛電子材料 有限公司	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Computer, communications and other electronic equipment manufacturing
Shenzhen Guoxin Lens No.1 Investment Fund Partnership Enterprise (Limited Partnership) ("Shenzhen Guoxin Lens No.1 Investment") 深圳市國信藍思壹號 投資基金合夥企業 (有限合夥) (note ii)	The PRC	60.61	60.61	60.61	28.57	28.57	28.57	Investment

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Changsha Sinocera New Material Co., Ltd. ("Changsha Sinocera") 長沙國瓷新材料 有限公司	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Research and experimental development
Changsha Ruihong Technology Co., Ltd. ("Changsha Ruihong") 長沙睿鴻科技 有限公司)	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Research and experimental development
Changsha Intelligent Robot Research Institute Co., Ltd. ("Changsha Intelligent Robot") 長沙智慧型機器人研究院 有限公司	The PRC	20.00	20.00	20.00	20.00	20.00	20.00	Research and experimental development
Zibo Jincheng New Materials Co., Ltd. ("Zibo Jincheng") 淄博金成新材料有限公司 .	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Chemical raw materials and chemical products manufacturing

The Company

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Hunan Huajiang (<i>note i</i>)	The PRC	49.00	49.00	N/A	49.00	49.00	N/A	Education
Hunan Juhong	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Professional and technical services
Ningxia Xinjingsheng	The PRC	49.00	49.00	49.00	49.00	49.00	49.00	Computer, communications and other electronic equipment manufacturing
Shenzhen Guoxin Lens No.1 Investment (<i>note ii</i>)	The PRC	60.61	60.61	60.61	28.57	28.57	28.57	Investment
Changsha Ruihong	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Research and experimental development

Name of entities	Country of incorporation/ principal place of business	Proportion of ownership interest held by the Group			Proportion of voting rights held by the Group			Principal activities
		2022	2023	2024	2022	2023	2024	
		%	%	%	%	%	%	
Changsha Intelligent Robot . .	The PRC	20.00	20.00	20.00	20.00	20.00	20.00	Research and experimental development
Zibo Jincheng	The PRC	40.00	40.00	40.00	40.00	40.00	40.00	Chemical raw materials and chemical products manufacturing

Notes:

- (i) During the year ended 31 December 2024, this company was disposed of or de-registered.
- (ii) The entity is an investment partnership. The Group holds 60.61% of the issued partnership share of the entity. Pursuant to the limited partnership agreement, the Group has the right to appoint two out of seven members of the investment committee and all investment resolutions need to be passed and to be confirmed by six out of seven members of the investment committee. The directors of the Company considered that the Group has significant influence over the entity.

The directors of the Company considered that all investments accounted for using the equity method are not individually material.

Aggregate information of investments accounted for using the equity method that are not individually material

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	3,987	(57,291)	3,899
Aggregate carrying amount of the Group's interests in these investees	479,537	374,957	325,665

23. EQUITY INSTRUMENTS AT FVTOCI

	The Group			The Company		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity instruments (<i>note</i>) . . .	460,021	465,563	445,109	439,567	445,109	445,109

Note: These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments as accounted for FVTOCI as they believe that recognising short-term fair value fluctuations in these instruments in profit or loss would not be consistent with the Group's strategy of holding these instruments for long-term purposes and realising their performance potential in the long run.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 41.

24. DEFERRED TAXATION

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

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	1,251,837	1,187,208	1,387,226	71,200	52,792	101,059
Deferred tax liabilities	(765,678)	(424,869)	(385,058)	(43,432)	(28,862)	(28,250)
	<u>486,159</u>	<u>762,339</u>	<u>1,002,168</u>	<u>27,768</u>	<u>23,930</u>	<u>72,809</u>

The Group

	Provision for impairment of assets	Depreciation of fixed assets	Unrealised profit on internal transactions	Deferred income	Tax losses	Share-based payment	Increase in fair value of consolidated assets not under common control	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	236,065	425,914	97,027	94,465	455,195	—	(776,454)	(29,239)	502,973
(Charge) credit to profit or loss . .	(52,259)	(131,418)	22,539	(497)	75,833	—	66,368	4,665	(14,769)
Charge to other comprehensive income	—	—	—	—	—	—	—	(2,045)	(2,045)
At 31 December 2022	183,806	294,496	119,566	93,968	531,028	—	(710,086)	(26,619)	486,159
(Charge) credit to profit or loss . .	(43,419)	(126,945)	(19,149)	(5,413)	134,517	7,069	323,317	5,617	275,594
Charged to other comprehensive income	—	—	—	—	—	—	—	(831)	(831)
Credit to equity for the year	—	—	—	—	—	1,417	—	—	1,417
At 31 December 2023	140,387	167,551	100,417	88,555	665,545	8,486	(386,769)	(21,833)	762,339
Credit (charge) to profit or loss . .	21,477	(32,353)	4,995	(4,093)	158,498	(25,201)	31,536	26,742	181,601
Credit to equity for the year	—	—	—	—	—	58,228	—	—	58,228
At 31 December 2024	<u>161,864</u>	<u>135,198</u>	<u>105,412</u>	<u>84,462</u>	<u>824,043</u>	<u>41,513</u>	<u>(355,233)</u>	<u>4,909</u>	<u>1,002,168</u>

The Company

	Provision for impairment of assets	Depreciation of fixed assets	Deferred income	Share- based payment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	75,061	21,553	10,854	—	(26,162)	81,306
(Charge) credit to profit or loss	(31,956)	(23,841)	(1,059)	—	5,363	(51,493)
Charge to other comprehensive income	—	—	—	—	(2,045)	(2,045)
At 31 December 2022	43,105	(2,288)	9,795	—	(22,844)	27,768
(Charge) credit to profit or loss	(17,236)	6,464	(1,058)	2,949	5,283	(3,598)
Charge to other comprehensive income	—	—	—	—	(831)	(831)
Credit to equity for the year	—	—	—	591	—	591
At 31 December 2023	25,869	4,176	8,737	3,540	(18,392)	23,930
Credit (charge) to profit or loss	18,301	3,369	(1,058)	(12,040)	10,783	19,355
Credit to equity for the year	—	—	—	29,524	—	29,524
At 31 December 2024	44,170	7,545	7,679	21,024	(7,609)	72,809

No deferred tax asset has been recognised on deductible temporary differences of RMB1,024,600,000, RMB1,056,272,000 and RMB963,512,000, as at 31 December 2022, 2023 and 2024, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Group has unused tax losses of RMB6,072,863,000, RMB7,536,739,000 and RMB7,789,918,000 available for offset against future profits as at 31 December 2022, 2023 and 2024, respectively. Deferred tax asset has been recognised in respect of RMB2,967,756,000, RMB4,436,966,000 and RMB5,493,619,000 of such losses and no deferred tax asset has been recognised on remaining RMB3,105,107,000, RMB3,099,773,000 and RMB2,296,299,000 as at 31 December 2022, 2023 and 2024, respectively, due to the unpredictability of future profit streams. The unrecognised tax losses with expiry dates are disclosed in the following table.

	The Group		
	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
2023	391,269	—	—
2024	551,384	448,333	—
2025	403,385	402,848	237,471
2026	659,402	657,989	494,053
2027	325,384	512,511	456,110
2028	—	80,779	80,345
2029	103,541	103,541	131,003
2031	282,483	282,483	282,483
2032	388,259	444,988	444,988
2033	—	166,301	166,301
2034	—	—	113
Indefinitely	—	—	3,432
	3,105,107	3,099,773	2,296,299

25. FINANCIAL ASSETS (LIABILITIES) AT FVTPL

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits	201,604	301,091	354,917	—	—	100,000
Deliverable forwards	153,662	48,574	(9,620)	87,153	—	(3,903)
	<u>355,266</u>	<u>349,665</u>	<u>345,297</u>	<u>87,153</u>	<u>—</u>	<u>96,097</u>
Analysed for reporting purposes as:						
Financial assets at FVTPL	355,266	349,665	354,917	87,153	—	100,000
Financial liabilities at FVTPL	<u>—</u>	<u>—</u>	<u>(9,620)</u>	<u>—</u>	<u>—</u>	<u>(3,903)</u>

The structured deposits are classified as current as the management expects to realise these financial assets within twelve months after each reporting period.

The Group has the deliverable forwards outstanding as at the end of each reporting period. They are marked to market with the resulting gain or loss taken to profit or loss.

Details of the fair value hierarchy and major assumptions used in valuation for the financial assets are set out in Note 41.

26. INVENTORIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	1,312,565	958,587	1,151,628	295,608	164,615	139,249
Work in progress	1,646,929	1,836,533	1,938,450	534,112	344,594	268,301
Finished goods	2,701,904	3,150,286	3,286,086	1,254,426	875,388	729,810
Goods in transit	1,296,412	982,358	1,029,114	307,794	72,348	81,129
Consumables and others	<u>229,714</u>	<u>158,392</u>	<u>206,631</u>	<u>26,695</u>	<u>18,427</u>	<u>23,753</u>
	7,187,524	7,086,156	7,611,909	2,418,635	1,475,372	1,242,242
Less: provision	<u>(502,515)</u>	<u>(403,497)</u>	<u>(451,356)</u>	<u>(201,194)</u>	<u>(93,392)</u>	<u>(218,954)</u>
	<u>6,685,009</u>	<u>6,682,659</u>	<u>7,160,553</u>	<u>2,217,441</u>	<u>1,381,980</u>	<u>1,023,288</u>

27. TRADE AND BILLS RECEIVABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (<i>note</i>)	9,153,534	9,436,891	11,006,529	7,394,643	5,377,022	6,768,615
Bills receivables	1,392	6,167	7,519	—	—	—
Less: allowance for ECL	(132,466)	(134,614)	(148,312)	(2,100)	(1,287)	(1,143)
	<u>9,022,460</u>	<u>9,308,444</u>	<u>10,865,736</u>	<u>7,392,543</u>	<u>5,375,735</u>	<u>6,767,472</u>

Note: As at the years ended 31 December 2022, 2023 and 2024, the amount of Company's total trade receivables from the subsidiaries is RMB7,391,605,000, RMB5,368,278,000, and RMB6,767,472,000, respectively. Details of the trade receivables for goods sold to the subsidiaries of the Company are set out in Note 42.

As at 1 January 2022, the carrying amount of trade and bills receivables net of allowance for ECL from contracts with customers of the Group and the Company amounted to RMB9,723,721,000 and RMB8,766,763,000, respectively.

Ageing of trade receivables is prepared based on the invoice date, which approximated the respective revenue recognition dates, as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Not past due	8,673,984	8,995,893	10,610,390	7,390,984	5,374,801	6,767,367
Past due:						
0–90 days	429,868	397,664	363,411	4	—	—
91–180 days	21,054	17,646	9,396	7	—	—
181–365 days	21,423	12,453	4,236	1,839	—	—
Over 1 year	<u>7,205</u>	<u>13,235</u>	<u>19,096</u>	<u>1,809</u>	<u>2,221</u>	<u>1,248</u>
	<u>9,153,534</u>	<u>9,436,891</u>	<u>11,006,529</u>	<u>7,394,643</u>	<u>5,377,022</u>	<u>6,768,615</u>

The normal credit term to the customers ranged between 30 days to 120 days.

As at 31 December 2022, 2023 and 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB479,550,000, RMB440,998,000 and RMB396,139,000 which are past due and with aggregate carrying amount of RMB49,682,000, RMB43,334,000 and RMB32,728,000 are past due 90 days or more.

Out of the balances that are past due 90 days or more, RMB46,137,000, RMB39,751,000 and RMB29,404,000 is not considered as in default due to the historical and expected subsequent repayment from the debtors and the remaining trade receivables past due 90 days or more amounting to RMB3,545,000, RMB3,583,000 and RMB3,324,000 has become credit-impaired. The Group does not hold any collateral over these balances.

Details of the impairment assessment of trade and bills receivables are set out in Note 41.

28. PREPAYMENTS AND OTHER RECEIVABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Value-added tax recoverable	389,766	296,627	344,998	78,329	25,290	51,080
Prepayments for property, plant and equipment	783,318	673,682	1,020,338	25,363	52,356	123,749
Prepayments for materials and others	60,129	126,382	174,304	13,459	14,001	47,974
Refundable deposits for land use rights	200,000	200,000	200,000	200,000	200,000	200,000
Refundable deposits for project performance	—	250,000	150,000	—	250,000	150,000
Rental and other deposits	46,713	38,444	48,213	29,113	20,511	20,491
Dividend receivable	—	648	—	—	648	—
Other receivables	140,603	151,120	141,181	40,604	33,988	36,599
	1,620,529	1,736,903	2,079,034	386,868	596,794	629,893
Less: allowance for ECL	(33,101)	(23,427)	(40,265)	(10,982)	(14,134)	(30,586)
	<u>1,587,428</u>	<u>1,713,476</u>	<u>2,038,769</u>	<u>375,886</u>	<u>582,660</u>	<u>599,307</u>
Analysed for reporting purposes as:						
Current assets	804,110	1,025,482	1,000,455	350,523	530,304	475,558
Non-current assets	783,318	687,994	1,038,314	25,363	52,356	123,749
	<u>1,587,428</u>	<u>1,713,476</u>	<u>2,038,769</u>	<u>375,886</u>	<u>582,660</u>	<u>599,307</u>

Details of impairment assessment of other receivables are set out in Note 41.

29. TIME DEPOSITS/RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The ranges of interest rates on the time deposits, restricted bank deposits and bank balances are as follows:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Fixed-rate time deposits	3.40–5.50	3.40–6.00	2.55–3.40	3.40–5.50	3.40–6.00	2.55–3.40
Fixed-rate/variable-rate restricted bank deposits	0.01–4.32	0.01–1.90	0.01–2.10	0.01–2.10	0.01–1.90	0.01–1.35
Variable-rate bank balances	<u>0.00–5.67</u>	<u>0.00–5.50</u>	<u>0.00–5.55</u>	<u>0.00–5.67</u>	<u>0.00–5.50</u>	<u>0.00–5.55</u>

As at 31 December 2022, 2023 and 2024, the Group's restricted bank deposits amounting to nil, nil and RMB41,500,000, respectively, were frozen due to an ongoing litigation case involving immaterial claims. The remaining restricted bank deposits were required to be retained as collateral to meet warranty obligations.

Details of impairment assessment of time deposits, restricted bank deposits and bank balances are set out in Note 41.

30. BILLS RECEIVABLES AT FVTOCI

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Bills receivables at FVTOCI	3,697	112,288	9,779

As at 1 January 2022, bills receivables at FVTOCI from contracts with customers amounted to RMB93,924,000.

The balance represents bills receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The bills receivables had a maturity of within six months at the end of each reporting period. The bills receivables are measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the bills receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the bills receivables are minimal due to its short-term nature.

In addition, the Group has discounted certain bills receivables to banks and endorsed certain bills receivables to its suppliers to settle its payables. The directors of the Company consider the probabilities on default of the discounted or endorsed bills receivables are limited and the Group has derecognised the full carrying amount of these bills receivables and the associated trade and other payables when the bills receivables are endorsed or discounted. Details of the transferred trade and bills receivables are set out in Note 41(d).

The ageing analysis of the bills receivables at FVTOCI based on the invoice date is as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
0–180 days	3,697	112,288	9,779

31. TRADE AND OTHER PAYABLES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	6,950,751	7,829,164	10,388,566	4,622,145	1,704,298	3,518,279
Bills payables	—	13,012	91,623	—	320,000	—
	6,950,751	7,842,176	10,480,189	4,622,145	2,024,298	3,518,279
Accrued staff cost	1,479,944	1,327,597	1,532,142	614,287	516,362	580,112
Construction payables	3,179,412	3,290,317	3,616,325	642,170	285,212	1,074,250
Other accrued charges	335,474	305,873	306,028	167,366	125,253	127,051
Other tax payables	140,269	248,432	267,313	14,915	21,769	38,697
Deposits received	90,732	137,415	86,499	26,666	21,760	21,735
Others	32,654	19,991	77,338	6,212	6,321	14,085
	12,209,236	13,171,801	16,365,834	6,093,761	3,000,975	5,374,209

The following is the ageing analysis of trade payables based on the date of goods and services received at the end of each reporting period:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>6,950,751</u>	<u>7,829,164</u>	<u>10,388,566</u>	<u>4,622,145</u>	<u>1,704,298</u>	<u>3,518,279</u>

The credit period on purchases of goods and services of the Group and Company is within 120 days. All the bills payable with maturity within one year.

32. BORROWINGS

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured bank loans						
— Variable-rate	13,570,329	10,534,391	10,889,990	5,040,279	5,385,534	5,145,041
— Fixed-rate	<u>5,400,954</u>	<u>4,723,685</u>	<u>3,436,575</u>	<u>1,921,000</u>	<u>1,720,169</u>	<u>1,132,758</u>
	<u>18,971,283</u>	<u>15,258,076</u>	<u>14,326,565</u>	<u>6,961,279</u>	<u>7,105,703</u>	<u>6,277,799</u>
The carrying amounts of the above borrowings are repayable*:						
— Within one year	9,848,393	5,669,812	6,518,634	2,265,819	2,927,639	2,389,631
— Within a period of more than one year but not exceeding two years	4,451,040	5,903,733	4,640,250	2,952,589	1,958,464	3,888,168
— Within a period of more than two years but not exceeding five years	4,671,850	3,684,531	3,097,525	1,742,871	2,219,600	—
— Over five years	<u>—</u>	<u>—</u>	<u>70,156</u>	<u>—</u>	<u>—</u>	<u>—</u>
	18,971,283	15,258,076	14,326,565	6,961,279	7,105,703	6,277,799
Less: amounts due within one year shown under current liabilities	<u>(9,848,393)</u>	<u>(5,669,812)</u>	<u>(6,518,634)</u>	<u>(2,265,819)</u>	<u>(2,927,639)</u>	<u>(2,389,631)</u>
Amounts shown under non-current liabilities	<u>9,122,890</u>	<u>9,588,264</u>	<u>7,807,931</u>	<u>4,695,460</u>	<u>4,178,064</u>	<u>3,888,168</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's variable-rate bank borrowings carry interest at Loan Prime Rate ("LPR") adjusted by floating up or down a certain percentage. The interest rate is reset at regular intervals, ranging from 1 to 12 months.

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

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	%	%	%	%	%	%
Effective interest rate:						
Fixed-rate borrowings	1.48–3.40	1.20–3.35	1.35–2.80	1.50–3.40	1.20–3.35	1.45–2.60
Variable-rate borrowings	<u>2.70–6.12</u>	<u>2.30–3.20</u>	<u>2.20–3.15</u>	<u>2.70–3.69</u>	<u>2.30–3.20</u>	<u>2.30–2.75</u>

The Group's borrowings that are denominated in currencies other the functional currencies of the relevant group entities are set out below:

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States Dollars (“US\$”)	<u>3,155,893</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

33. LEASE LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:						
Within one year	13,503	27,726	47,659	8,033	8,304	34,993
Within a period of more than one year but not more than two years	13,257	13,521	32,142	8,289	8,601	15,509
Within a period of more than two years but not more than five years	20,888	7,252	62,760	11,971	3,370	38,571
Over five years	<u>—</u>	<u>—</u>	<u>56,627</u>	<u>—</u>	<u>—</u>	<u>56,627</u>
	47,648	48,499	199,188	28,293	20,275	145,700
Less: amount due for settlement within 12 months shown under current liabilities	<u>(13,503)</u>	<u>(27,726)</u>	<u>(47,659)</u>	<u>(8,033)</u>	<u>(8,304)</u>	<u>(34,993)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>34,145</u>	<u>20,773</u>	<u>151,529</u>	<u>20,260</u>	<u>11,971</u>	<u>110,707</u>

The weighted average incremental borrowing rates applied to lease liabilities is 2.08%–3.85% per annum during the Track Record Period.

34. CONTRACT LIABILITIES

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of goods	7,589	8,119	12,601	—	—	2,013

As at 1 January 2022, the Group's and the Company's contract liabilities amounted to RMB8,114,000 and nil, respectively.

Revenue recognised during each reporting period with performance obligation satisfied includes the entire amount of contract liability at the beginning of the relevant period.

35. DEFERRED INCOME

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning	884,328	845,795	789,154	72,358	65,303	58,248
Additions	19,964	4,038	14,250	—	—	—
Released to other income	(58,497)	(60,679)	(61,826)	(7,055)	(7,055)	(7,055)
Balance at the end	845,795	789,154	741,578	65,303	58,248	51,193

Deferred income consists of government grants provided by the relevant PRC government authorities for the purposes of financing the purchase of plant and machinery. The amounts are recognised as income to match with related expenses or on systematic basis over the useful lives of the relevant assets starting from the completion of inspection by the related government authorities.

36. SHARE CAPITAL

	<u>Number of shares</u>	<u>Share capital RMB'000</u>
Ordinary shares of RMB1 each		
Registered, issued and fully paid		
At 1 January 2022 and 31 December 2022	4,973,479,998	4,973,480
Issue of restricted shares under Restricted A-share Scheme (note)	<u>9,747,983</u>	<u>9,748</u>
At 31 December 2023	4,983,227,981	4,983,228
Repurchase and cancellation of restricted shares under Restricted A-share Scheme (note)	<u>(348,710)</u>	<u>(349)</u>
At 31 December 2024	<u><u>4,982,879,271</u></u>	<u><u>4,982,879</u></u>

Note: On 8 October 2023, the Company issued 9,747,983 restricted shares under Restricted A-share Scheme at the subscription price of RMB6.34 per share. The net amount received by the Company amounted to RMB61,803,000.

For the year ended 31 December 2024, the Company repurchased and cancelled of 348,710 restricted shares under Restricted A-share Scheme with an aggregate consideration of RMB2,154,000 paid.

During the year ended 31 December 2024, 4,694,782 restricted shares under Restricted A-share Scheme were released upon satisfaction of the vesting conditions. As at 31 December 2024, 4,704,491 restricted shares remained outstanding.

Details of Restricted A-share Scheme are set out in Note 38.

During the Track Record Period, the Company repurchased its own ordinary shares through the Shenzhen Stock Exchange as follows:

<u>Month of repurchase</u>	<u>No. of ordinary shares of RMB1 each</u>	<u>Price per share</u>		<u>Aggregated consideration paid RMB'000</u>
		<u>Highest</u>	<u>Lowest</u>	
		RMB	RMB	
January 2022	1,352,200	20.50	20.23	27,557
February 2022	11,365,793	20.50	14.84	172,615
March 2022	3,208,300	20.50	11.79	40,434
April 2022	<u>26,601,600</u>	20.50	9.09	<u>259,392</u>
	<u><u>42,527,893</u></u>			<u><u>499,998</u></u>

During the year ended 31 December 2022, the Company repurchased 42,527,893 of its own ordinary shares through the Shenzhen Stock Exchange with an aggregate consideration of RMB499,998,000 paid.

Pursuant to the Restricted A-share Scheme, the Company transferred 18,710,726 restricted shares previously granted to incentive recipients with a deduction from the treasury shares of RMB220,038,000 during the year ended 31 December 2024.

At 31 December 2022, 2023 and 2024, the Company had outstanding treasury shares of 42,527,893, 42,527,893 and 23,817,167 shares.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Track Record Period.

Reserves of the Company

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

	Share premium	Treasury share	Capital reserve	FVTOCI reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	20,679,513	—	163,190	143,783	1,981,141	12,926,533	35,894,160
Profit for the year	—	—	—	—	—	2,083,671	2,083,671
Fair value change on investments in equity instruments at FVTOCI	—	—	—	11,589	—	—	11,589
Total comprehensive income for the year	—	—	—	11,589	—	2,083,671	2,095,260
Transfer to statutory reserve	—	—	—	—	208,385	(208,385)	—
Distribution	—	—	—	—	—	(493,095)	(493,095)
Repurchase of shares	—	(499,998)	—	—	—	—	(499,998)
Transaction costs attributable to repurchase of shares	—	(59)	—	—	—	—	(59)
At 31 December 2022	20,679,513	(500,057)	163,190	155,372	2,189,526	14,308,724	36,996,268
Profit for the year	—	—	—	—	—	2,147,234	2,147,234
Fair value change on investments in equity instruments at FVTOCI	—	—	—	4,711	—	—	4,711
Total comprehensive income for the year	—	—	—	4,711	—	2,147,234	2,151,945
Transfer to statutory reserve	—	—	—	—	214,723	(214,723)	—
Distribution	—	—	—	—	—	(986,190)	(986,190)
Issue of restricted shares under Restricted A-share Scheme	52,055	—	—	—	—	—	52,055
Recognition of equity- settled share-based payments	—	—	54,851	—	—	—	54,851
At 31 December 2023	20,731,568	(500,057)	218,041	160,083	2,404,249	15,255,045	38,268,929
Profit for the year	—	—	—	—	—	2,160,207	2,160,207
Total comprehensive income for the year	—	—	—	—	—	2,160,207	2,160,207
Transfer to statutory reserve	—	—	—	—	216,021	(216,021)	—
Distribution	—	—	—	—	—	(1,482,163)	(1,482,163)
Repurchase and cancellation of restricted shares under Restricted A-share Scheme	(1,805)	—	—	—	—	—	(1,805)
Exercise of restricted shares under Restricted A-share Scheme	26,814	220,038	(133,839)	—	—	—	113,013
Recognition of equity- settled share-based payments	—	—	190,898	—	—	—	190,898
At 31 December 2024	20,756,577	(280,019)	275,100	160,083	2,620,270	15,717,068	39,249,079

37. CAPITAL COMMITMENTS

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Capital expenditure contracted for but not provided for in the Historical Financial Information — Property, plant and equipment	820,472	1,352,626	2,217,417

38. SHARE-BASED PAYMENT

On 18 August 2023, the Company has adopted Restricted A-share Scheme, pursuant to which the Company granted restricted shares to eligible participants include, but not limited to the Group's directors, senior management and other employees.

The Company granted both Type I and Type II restricted shares. Type I restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of completion of registration of the grant of restricted shares to the date of release of all restricted shares or cancellation on repurchase; Type II restricted shares under the Restricted A-share Scheme are valid for a maximum of 48 months from the date of grant of restricted shares to the date of full vesting or lapsing.

The particulars of the Type I and Type II restricted shares are as follows:

(a) Type I restricted shares

Type I restricted shares refers to ordinary shares issued to the participants with certain restrictions stipulated under the Restricted A-share Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company and were required to pay the purchase price upon accepting the Type I restricted shares.

Type I restricted shares shall be locked up immediately upon grant. The release of the restriction of the restricted shares granted to the participants shall be subject to performance conditions and a lock-up period of 12 months and 24 months after the date of registration. The restricted shares held by the participants shall be unlocked in two tranches in the proportions of 50% and 50% of the total number of the restricted shares granted upon the expiry of each lock-up period. The restriction on the restricted share would only be released upon both the performance condition of the Group and the performance condition of the individuals are met.

If the either of the performance conditions are not met, the Company will automatically repurchase the Type I restricted shares from the employee at purchase price. The total consideration paid by the participants are recognised as liabilities and will only be reversed by portion to other reserve when the shares are vested each year.

On 22 September 2023 (the date of grant), the board of directors approved 10,631,973 Type I restricted shares to 2,754 eligible participants and the grant price was RMB6.34 per share. Except for 282 participants (who were granted a total of 883,990 Type I restricted shares) who voluntarily decided not to participate in the reserved grant, 2,472 participants had accepted and subscribed for a total of 9,747,983 restricted shares granted to them under the Restricted A-share Scheme.

The grant date fair value of the restricted shares was RMB5.80, which was determined based on the difference between the grant date closing price of the Company's A Share and the subscription price of the restricted shares. The grant date closing price of the Company's A Shares was RMB12.14.

Set out below are details of the movements of the outstanding restricted shares of Type I restricted shares throughout the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
Outstanding at the beginning of the year	—	—	9,710,783
Granted during the year	—	9,747,983	—
Lapsed during the year	—	(37,200)	(371,210)
Released during the year	—	—	(4,694,782)
Outstanding at the end of the year	—	9,710,783	4,644,791

(b) Type II restricted shares

Type II restricted shares refers to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group's and individuals' performance conditions under the Restricted A-share Scheme, the participants of Type II restricted shares have the right to subscribe ordinary shares which were repurchased by the Company through its dedicated repurchase account.

Type II restricted shares shall be vested over a two-year period, with 50% and 50% of total shares vesting on each anniversary date after the vesting commencement date upon the satisfaction of the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. The shares before the participants' subscription do not give the participants the right to obtain dividends or the right to vote at the shareholders' meeting.

On 22 September 2023 (the date of grant), the board of directors approved 42,527,893 Type II restricted shares to 2,754 eligible participants and the exercise price was RMB6.34 per share.

Set out below are details of the movements of the outstanding restricted shares of Type II restricted shares throughout the Track Record Period:

	Year ended 31 December		
	2022	2023	2024
Outstanding at the beginning of the year	—	—	38,843,133
Granted during the year	—	42,527,893	—
Exercised during the year	—	—	(18,710,726)
Forfeited during the year	—	(3,684,760)	(1,546,040)
Outstanding at the end of the year	—	38,843,133	18,586,367
Exercisable at the end of the year	—	—	—

In respect of the Type II restricted shares exercised for the year ended 31 December 2024, the weighted average share price at the dates of exercise was RMB16.22.

The fair value of the equity-settled equity incentive granted on the grant date of RMB5.7 is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

Type II restricted shares

Share price	RMB12.14
Exercise price (<i>note</i>)	RMB6.34
Expected volatility	17.78%
Expected life	2 years
Risk-free rate	1.50%
Expected dividend yield	1.63%

Note: The exercise price of Type II restricted shares may be adjusted in case of any allotments of shares, payments of share dividends or other similar changes in the Company's share capital. The exercise price on the grant date of Type II restricted shares was RMB6.34 per share. Pursuant to resolutions passed on 25 September 2024, the exercise price is adjusted to RMB6.04 due to the payments of share dividends.

For the year ended 31 December 2022, 2023 and 2024, the Group recognised the total expense of nil, RMB54,260,000 and RMB161,375,000, respectively, in relation to Restricted A-share Scheme.

39. RETIREMENT BENEFIT SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group has joined the MPF Scheme which is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and the employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Under the MPF Scheme, there will not be any forfeited contribution available to reduce the contribution payable by the Group.

The Group participates in a defined contribution plan managed by the Vietnam government whereby the Group is required to make contributions to the plan. The applicable rates are 17.5% of total contractual salaries for the employer's portion of social and health insurance in Vietnam. The Group has no obligation for the payment of retirement benefits other than the contributions described above. The Group's contributions vest fully with the employees when contributed into the plan.

The Group also operates a number of defined contribution schemes in other overseas locations. Arrangements for these staff retirement benefits vary from country to country and are made in accordance with local regulations and custom.

The total retirement benefits scheme contributions to those plans recognised as employee benefit charged to profit or loss and capitalised as inventories, amounting to RMB869,102,000, RMB779,639,000 and RMB871,138,000 for each of the three years ended 31 December 2022, 2023 and 2024, respectively, representing contributions paid to the retirement benefits scheme by the Group.

40. CAPITAL RISK MANAGEMENT

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group and the Company consists of net debt, which includes the borrowings and lease liabilities disclosed in Notes 32 and 33, respectively, net of bank balances and cash and equity attributable to the owners of the Company, mainly comprising issued share capital, share premium, reserves and retained profits.

The management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Amortised cost	21,399,145	20,788,624	22,803,927	14,831,331	12,111,535	13,998,777
Equity instruments at FVTOCI	460,021	465,563	445,109	439,567	445,109	445,109
Financial assets at FVTPL	355,266	349,665	354,917	87,153	—	100,000
Bills receivables at FVTOCI	3,697	112,288	9,779	—	—	—
	<u>22,218,129</u>	<u>21,716,140</u>	<u>23,613,732</u>	<u>15,358,051</u>	<u>12,556,644</u>	<u>14,543,886</u>
Financial liabilities						
Amortised cost	30,587,959	27,919,088	28,892,970	16,470,888	13,668,847	15,402,665
Financial liabilities at FVTPL	—	—	9,620	—	—	3,903
	<u>30,587,959</u>	<u>27,919,088</u>	<u>28,902,590</u>	<u>16,470,888</u>	<u>13,668,847</u>	<u>15,406,568</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, time deposits, amounts due from related parties, restricted bank deposits, bank balances and cash, equity instruments at FVTOCI, financial assets at FVTPL, bills receivables at FVTOCI, trade and other payables, financial liabilities at FVTPL, amounts due to related parties, loan from a related party and borrowings. The Company's major financial instruments include trade and bills receivables, amounts due from subsidiaries, other receivables, time deposits, bank balances and cash, equity instruments at FVTOCI, financial assets at FVTPL, trade and other payables, financial liabilities at FVTPL, amounts due to subsidiaries, loans from related parties and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

Certain Group entities have sales and purchases/bank balances/borrowings denominated in US\$, Japanese Yen (“JPY”), HK\$ and Euro (“EUR”), other than their functional currencies.

The carrying amounts of the Group’s and the Company’s foreign currencies denominated monetary assets and liabilities at the end of each reporting period are as follows:

The Group

	Assets		
	As at 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
US\$	11,712,196	9,937,749	12,544,082
JPY	73,734	36,742	36,522
HK\$	35,296	19,859	63,726
EUR	112,632	305,851	246,707
	<u>11,933,858</u>	<u>10,300,201</u>	<u>12,891,037</u>
	Liabilities		
	As at 31 December		
	2022	2023	2024
	RMB’000	RMB’000	RMB’000
US\$	5,380,256	3,055,386	3,154,403
JPY	109,006	93,563	91,870
HK\$	6,655	2,777	1,062
EUR	2,083	3,633	311
	<u>5,498,000</u>	<u>3,155,359</u>	<u>3,247,646</u>

The Company

Assets			
As at 31 December			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US\$	9,227,100	6,756,902	9,704,315
JPY	24,982	709	665
	<u>9,252,082</u>	<u>6,757,611</u>	<u>9,704,980</u>
Liabilities			
As at 31 December			
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
US\$	1,394,323	266,317	966,860
JPY	338,831	78,454	83,139
HK\$	621	217	—
EUR	292	—	—
	<u>1,734,067</u>	<u>344,988</u>	<u>1,049,999</u>

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in RMB against US\$. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding US\$ denominated monetary items and adjusts their translation at the end of each reporting period for a 10% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where RMB strengthens 10% against US\$. For a 10% weakening of RMB against US\$, there would be an equal and opposite impact on the post-tax profit and the amounts below would be positive.

	The Group			The Company		
	As at 31 December			As at 31 December		
	2022	2023	2024	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
US\$	(551,216)	(586,872)	(854,868)	(665,786)	(551,700)	(742,684)

During the Track Record Period, the currency exposure of RMB against currencies other than US\$ is immaterial, and accordingly, no sensitivity analysis is disclosed.

In relation to deliverable forwards:

If the relevant exchange rate had been 5% depreciation/appreciation of RMB against US\$ and all other variables were held constant, the Group's profit after taxation for the year would increase/decrease by approximately RMB6,531,000, RMB2,028,000 and RMB409,000 as at 31 December 2022, 2023 and 2024, respectively.

(ii) *Interest risk*

The Group and the Company are exposed to fair value interest rate risk in relation to restricted bank deposits (see Note 29), fixed-rate bank borrowings (see Note 32 for details of these borrowings), loan from a related party/related parties (see Note 42) and lease liabilities (see Note 33 for details). The Group and the Company are exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 29 for details). Furthermore, the Group and the Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see Note 32 for details). The cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances of the Group and the Company and fluctuation on LPR on the Group's and the Company's variable-rate bank borrowings. The Group aims at keeping borrowings at a combination of fixed and variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and economic outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year. A 50 basis point increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by RMB57,674,000, RMB44,771,000 and RMB46,282,000 for the years ended 31 December, 2022, 2023 and 2024, respectively, and the Company's post-tax profit for the year would decrease/increase by RMB21,421,000, RMB22,889,000 and RMB21,866,000 for the years ended 31 December, 2022, 2023 and 2024, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade and bills receivables, bills receivables at FVTOCI, restricted bank deposits, bank balances, time deposits, other receivables and amounts due from related parties/subsidiaries. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers and bills receivables

In order to minimise the credit risk, the management of the Group and the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's and the Company's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical markets is mainly in Asia, which accounted for 96%, 96% and 96% of the total trade receivables as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 64%, 54% and 48% of the total trade receivables was due from the Group's largest customer as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 80%, 71% and 72% of the total trade receivables was due from the Group's five largest customers as at 31 December 2022, 2023 and 2024, respectively.

The Company's concentration of credit risk by geographical markets is mainly in Asia, which accounted for 100%, 100% and 100% of the total trade receivables as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 94%, 93% and 95% of the total trade receivables was due from the Company's largest customer as at 31 December 2022, 2023 and 2024, respectively. The Group has concentration of credit risk as 99%, 99% and 99% of the total trade receivables was due from the Group's five largest customers as at 31 December 2022, 2023 and 2024, respectively.

For trade receivables, the Group and the Company has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's ageing of outstanding balances. Details of the quantitative disclosures are set out below in this note.

For bills receivables, the Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. Based on the average loss rates, the lifetime ECL on bills receivables is considered to be insignificant and therefore no loss allowance was recognised.

Bills receivables at FVTOCI

Bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the end of each reporting period.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group and the Company provided impairment based on 12m ECL. Details of the quantitative disclosures are set out below in this note.

Restricted bank deposits/time deposits/bank balances

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

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

<u>Internal credit rating</u>	<u>Description</u>	<u>Trade receivables</u>	<u>Financial assets other than trade receivables</u>
Low risk	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

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

The Group

As at 31 December 2022

	<u>External/ internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Average loss rate %</u>	<u>Gross carrying amount RMB'000</u>	<u>Impairment loss allowance RMB'000</u>
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	<i>note i</i>	12m ECL	N/A	3,697	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	304,307	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	11,682,255	—
Restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	3,673	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	1.41	9,149,989	128,921
		Lifetime ECL (credit-impaired)	100.00	3,545	3,545
Bills receivables	<i>note i</i>	12m ECL	N/A	1,392	—
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	1.01	357,113	3,589
		Lifetime ECL (credit-impaired)	97.71	30,203	29,512
Amounts due from related parties	<i>note iii</i>	12m ECL (not credit-impaired)	1.01	32,563	328
				<u>21,565,040</u>	<u>165,895</u>

As at 31 December 2023

	<u>External/ internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Average loss rate</u> %	<u>Gross carrying amount</u> RMB'000	<u>Impairment loss allowance</u> RMB'000
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	<i>note i</i>	12m ECL	N/A	112,288	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	314,648	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	10,493,519	—
Restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	25,474	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	1.39	9,433,308	131,015
		Lifetime ECL (credit-impaired)	100.00	3,583	3,583
Bills receivables	<i>note i</i>	12m ECL	0.26	6,167	16
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	0.97	621,884	6,039
		Lifetime ECL (credit-impaired)	94.87	18,328	17,388
Amounts due from related parties	<i>note iii</i>	12m ECL (not credit-impaired)	1.00	30,056	302
				<u>20,946,967</u>	<u>158,343</u>

As at 31 December 2024

	<u>External/ internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Average loss rate %</u>	<u>Gross carrying amount RMB'000</u>	<u>Impairment loss allowance RMB'000</u>
Debt instruments at FVTOCI					
Bills receivables at FVTOCI	<i>note i</i>	12m ECL	N/A	9,779	—
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	426,109	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	10,936,804	—
Restricted bank deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	51,276	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	1.32	11,003,205	144,984
		Lifetime ECL (credit-impaired)	100.00	3,324	3,324
Bills receivables	<i>note i</i>	12m ECL	0.05	7,519	4
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	0.95	503,466	4,760
		Lifetime ECL (credit-impaired)	98.82	35,928	35,505
Amounts due from related parties	<i>note iii</i>	12m ECL (not credit-impaired)	1.08	25,144	271
				<u>22,992,775</u>	<u>188,848</u>

The Company

As at 31 December 2022

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	304,307	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	3,772,088	—
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	3,103,658	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.03	7,394,643	2,100
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	0.98	260,766	2,567
		Lifetime ECL (credit-impaired)	94.01	8,951	8,415
				14,844,413	13,082

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	314,648	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	3,116,182	—
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	2,813,957	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.02	5,377,022	1,287
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	0.99	495,290	4,921
		Lifetime ECL (credit-impaired)	93.47	9,857	9,213
				12,126,956	15,421

As at 31 December 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount	Impairment loss allowance
			%	RMB'000	RMB'000
Financial assets at amortised cost					
Time deposits	AAA/BBB+ <i>note i</i>	12m ECL	N/A	426,109	—
Bank balances	AAA/BBB+ <i>note i</i>	12m ECL	N/A	5,268,284	—
Amounts due from subsidiaries	<i>note iii</i>	12m ECL	N/A	1,160,408	—
Trade receivables	<i>note ii</i>	Lifetime ECL (not credit-impaired)	0.02	6,768,615	1,143
Other receivables	<i>note iii</i>	12m ECL (not credit-impaired)	1.00	380,016	3,801
		Lifetime ECL (credit-impaired)	98.93	27,074	26,785
				<u>14,030,506</u>	<u>31,729</u>

Notes:

- (i) The counterparties are reputable banks with high credit ratings and the risk of default is limited.
- (ii) For trade receivables, the Group and the Company applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for receivables from debtors with significant balances or credit-impaired, which are assessed individually, the Group and the Company determine the ECL on the remaining trade receivables on a collective basis using provision matrix, grouped by the ageing of the trade receivables. As part of the Group's credit risk management, the Group uses the ageing of the trade receivables to assess the impairment for its trade receivables in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group's trade receivables at amortised cost with significant balances or credit-impaired with gross carrying amounts of RMB7,798,784,000, RMB7,308,817,000 and RMB8,443,358,000 as at 31 December 2022, 2023 and 2024, respectively, were assessed individually. The remaining trade receivables are assessed based on provision matrix, and the impairment losses recognised were insignificant.

The estimated loss rates used in the provision matrix are estimated based on historical credit loss experience of debtors taking into consideration the historical default rates and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The Company's trade receivables are mainly from the subsidiaries, as disclosed in Note 42. Both the receivables from subsidiaries and the trade receivables that are credit-impaired are assessed individually.

The following table shows the movement in lifetime ECL that has been recognised for trade and bills receivables under the simplified approach.

The Group

	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	<u>170,708</u>	<u>14,812</u>	<u>185,520</u>
Impairment loss (reversed) recognised, net	(53,629)	185	(53,444)
Transfer	11,451	(11,451)	—
Exchange adjustments	<u>391</u>	<u>(1)</u>	<u>390</u>
As at 31 December 2022	<u>128,921</u>	<u>3,545</u>	<u>132,466</u>
Impairment loss recognised, net	2,205	37	2,242
Write-off	(3)	—	(3)
Exchange adjustments	<u>(92)</u>	<u>1</u>	<u>(91)</u>
As at 31 December 2023	<u>131,031</u>	<u>3,583</u>	<u>134,614</u>
Impairment loss recognised (reversed), net	15,859	(259)	15,600
Write-off	(1,557)	—	(1,557)
Exchange adjustments	<u>(345)</u>	<u>—</u>	<u>(345)</u>
As at 31 December 2024	<u><u>144,988</u></u>	<u><u>3,324</u></u>	<u><u>148,312</u></u>

The Company

	Lifetime ECL not credit- impaired	Lifetime ECL credit-impaired	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	<u>1,725</u>	<u>—</u>	<u>1,725</u>
Impairment loss recognised, net	<u>375</u>	<u>—</u>	<u>375</u>
As at 31 December 2022	<u>2,100</u>	<u>—</u>	<u>2,100</u>
Impairment loss reversed, net	<u>(813)</u>	<u>—</u>	<u>(813)</u>
As at 31 December 2023	<u>1,287</u>	<u>—</u>	<u>1,287</u>
Impairment loss reversed, net	<u>(144)</u>	<u>—</u>	<u>(144)</u>
As at 31 December 2024	<u><u>1,143</u></u>	<u><u>—</u></u>	<u><u>1,143</u></u>

- (iii) For the purposes of internal credit risk management, the ECL on other receivables of the Group and the Company, as well as the non-trade amounts due from subsidiaries of the Company, is assessed individually.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintains a level of bank balances and cash deemed adequate by the management to finance the operations of the Group and the Company, and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings, if necessary.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of and financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on management's best estimates at the end of each reporting period.

In addition, the following tables detail the Group's and the Company's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's and the Company's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

The Group

	Weighted average effective interest rate	On demand/ less than 1 year	1 year to 3 years	over 3 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022						
Borrowings	3.45	10,262,104	9,330,107	105,712	19,697,923	18,971,283
Trade and other payables	N/A	10,589,023	—	—	10,589,023	10,589,023
Lease liabilities	3.61	14,880	31,707	4,512	51,099	47,648
Amounts due to related parties	N/A	21	—	—	21	21
Loan from a related party	3.65	—	1,222,203	—	1,222,203	1,027,632
		<u>20,866,028</u>	<u>10,584,017</u>	<u>110,224</u>	<u>31,560,269</u>	<u>30,635,607</u>
As at 31 December 2023						
Borrowings	2.62	6,016,343	9,457,023	369,336	15,842,702	15,258,076
Trade and other payables	N/A	11,595,772	—	—	11,595,772	11,595,772
Lease liabilities	3.27	28,912	21,020	363	50,295	48,499
Amounts due to related parties	N/A	94	—	—	94	94
Loan from a related party	3.45	—	1,113,040	—	1,113,040	1,065,146
		<u>17,641,121</u>	<u>10,591,083</u>	<u>369,699</u>	<u>28,601,903</u>	<u>27,967,587</u>
As at 31 December 2024						
<i>Non-derivative financial liabilities</i>						
Borrowings	2.36	6,793,531	7,925,326	70,413	14,789,270	14,326,565
Trade and other payables	N/A	14,566,379	—	—	14,566,379	14,566,379
Lease liabilities	2.80	52,223	61,666	103,808	217,697	199,188
Amounts due to related parties	N/A	26	—	—	26	26
		<u>21,412,159</u>	<u>7,986,992</u>	<u>174,221</u>	<u>29,573,372</u>	<u>29,092,158</u>
Derivatives — net settlement						
Financial liabilities at FVTPL	N/A	<u>9,620</u>	<u>—</u>	<u>—</u>	<u>9,620</u>	<u>9,620</u>

The Company

	Weighted average effective interest rate	On demand/ less than 1 year	1 year to 3 years	over 3 years	Total undiscounted cash flow	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022						
Borrowings	3.05	2,307,366	4,849,698	—	7,157,064	6,961,279
Trade and other payables .	N/A	5,464,559	—	—	5,464,559	5,464,559
Amounts due to						
subsidiaries	N/A	2,717,418	—	—	2,717,418	2,717,418
Lease liabilities	3.55	8,881	17,763	3,427	30,071	28,293
Loans from related						
parties	3.65	—	1,522,203	—	1,522,203	1,327,632
		<u>10,498,224</u>	<u>6,389,664</u>	<u>3,427</u>	<u>16,891,315</u>	<u>16,499,181</u>
As at 31 December 2023						
Borrowings	2.75	3,107,622	4,284,976	—	7,392,598	7,105,703
Trade and other payables .	N/A	2,462,844	—	—	2,462,844	2,462,844
Amounts due to						
subsidiaries	N/A	2,735,154	—	—	2,735,154	2,735,154
Lease liabilities	3.55	8,881	12,308	—	21,189	20,275
Loans from related						
parties	3.45	—	1,413,040	—	1,413,040	1,365,146
		<u>8,314,501</u>	<u>5,710,324</u>	<u>—</u>	<u>14,024,825</u>	<u>13,689,122</u>
As at 31 December 2024						
<i>Non-derivative financial liabilities</i>						
Borrowings	2.40	2,521,579	3,983,556	—	6,505,135	6,277,799
Trade and other payables .	N/A	4,755,400	—	—	4,755,400	4,755,400
Amounts due to						
subsidiaries	N/A	2,318,226	—	—	2,318,226	2,318,226
Lease liabilities	2.83	38,375	33,295	89,690	161,360	145,700
Loans from related						
parties	2.10	—	2,059,144	—	2,059,144	2,051,240
		<u>9,633,580</u>	<u>6,075,995</u>	<u>89,690</u>	<u>15,799,265</u>	<u>15,548,365</u>
Derivatives — net settlement						
Financial liabilities at FVTPL	N/A	<u>3,903</u>	<u>—</u>	<u>—</u>	<u>3,903</u>	<u>3,903</u>

(c) **Fair value measurements of financial instruments**

Fair value of the Group's and the Company's financial instruments measured at fair value on a recurring basis

Some of the Group's and the Company's financial instruments are measured at fair value at the end of each reporting period. The following tables give information about how the fair values of these financial instruments are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets/ (liabilities)	As at 31 December			Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI	3,697	112,288	9,779	Level 2	Discounted cash flow Risk-adjusted discount rate and cash flow are key inputs	N/A
Deliverable forwards	153,662	48,574	(9,620)	Level 2	Discounted cash flow were estimated based on the applicable forward foreign exchange rates	N/A
Structured deposits	201,604	301,091	354,917	Level 2	income approach — The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Equity instruments at FVTOCI . . .	460,021	465,563	445,109	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher the fair value.

A change in the unobservable input would not change the fair value of the relevant financial instrument significantly, no sensitivity analysis is disclosed.

The Company

Set out below is the information about how the fair values of the Company's financial instruments that are measured at fair value are determined, including the valuation technique and inputs used:

Financial assets/ (liabilities)	As at 31 December			Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input
	2022	2023	2024			
	RMB'000	RMB'000	RMB'000			
Deliverable forwards	87,153	—	(3,903)	Level 2	Discounted cash flow were estimated based on the applicable forward foreign exchange rates	N/A
Structured deposits	—	—	100,000	Level 2	income approach — The discounted cash flow method was used to estimate the interest from the underlying bank deposits	N/A
Equity instruments at FVTOCI . . .	439,567	445,109	445,109	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value.

A reasonably possible change in the unobservable input would not change the fair value of the relevant financial instrument significantly, therefore no sensitivity analysis is disclosed.

There were no transfers between the fair value hierarchy levels during the Track Record Period.

Fair value of financial instruments that are recorded at amortised cost

The management consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

Reconciliation of Level 3 fair value measurements

The following table presents the changes in level 3 financial instruments during the Track Record Period:

	Equity instruments at FVTOCI RMB'000
At 1 January 2022	<u>446,387</u>
Fair value changes through other comprehensive income	<u>13,634</u>
At 31 December 2022	<u>460,021</u>
Fair value changes through other comprehensive income	<u>5,542</u>
At 31 December 2023	<u>465,563</u>
Fair value changes through other comprehensive income, net of reclassification adjustment to retained profits	<u>(20,454)</u>
At 31 December 2024	<u>445,109</u>

(d) Transferred financial assets that are derecognised in their entirety but have continuing involvement

As of 31 December 2022, 2023 and 2024, the Group has derecognised the bills receivables endorsed to its suppliers amounting to nil , nil and RMB1,440,000, respectively. If the bills cannot be accepted at maturity, the relevant banks or suppliers have the right to require the Group to pay off the outstanding balance. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company consider the probabilities on default of the discounted or endorsed bills receivables are limited and the Group has derecognised the full carrying amount of these bills receivables and the associated trade and other payables when the bills receivables are endorsed or discounted.

42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party and/or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are under control or joint control by the same party. Members of key management of the Group and their close family members are also considered as related parties.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the years ended 31 December 2022, 2023 and 2024, respectively.

(a) Related parties and relationship

The Group

During the reporting period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of Related Parties	Relationship
Ms. Chau Kwan Fei	Controlling Shareholder
Lens Technology (HK) Co., Limited 藍思科技(香港)有限公司	Holding Company
Changsha Intelligent Robot	Associate
Changsha Sinocera	Associate
Hunan Juhong	Associate
Dongguan Yuya	Associate
Dongguan Yutong	Associate
Zibo Jincheng	Associate
Changsha Ruihong	Associate
Ningxia Xinjingsheng	Associate
Hunan Hualian Special Yuanhua Co., Ltd. ("Hunan Hualian Special Yuanhua") 湖南華聯特種陶瓷有限公司	A related company controlled by non-controlling shareholder
Hunan Hualian Torch Porcelain Insulator & Electrical Apparatus Co., Ltd ("Hunan Hualian Torch") 湖南華聯火炬電瓷電器有限公司	A related company controlled by non-controlling shareholder
HAWEMA Werkzeugschleifmaschinen GmbH	A related company controlled by Ms. Chau Kwan Fei
Hunan Miaomiao Shopping Commercial Co., Ltd ("Hunan Miaomiao") 湖南妙妙購商業有限公司	A related company controlled by a close member of Ms. Chau Kwan Fei
Ms. Zhou Xinyi 周新益	Supervisor
Mr. Jiang Weiping 蔣衛平	A close family member of Ms. Chau Kwan Fei
Ms. Zhou Yihui 周藝輝	A close family member of Ms. Chau Kwan Fei
Changsha Maijing Technology Co., Ltd ("Changsha Maijing") 長沙麥晴科技股份有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei
Shenzhen Nanke Jia'an Robot Technology Co., Ltd ("Shenzhen Nanke Jia'an") 深圳市南科佳安機器人科技有限公司	Associate of a related company controlled by Ms. Chau Kwan Fei

The Group and the Company entered into the following transactions/balances with the related parties:

(b) **Transactions with related parties**

(i) **Purchase**

The Group

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	360,086	237,928	375,272
Zibo Jincheng	213,192	158,240	138,207
Dongguan Yutong	149,945	164,751	136,518
Dongguan Yuya	84,325	63,845	13,596
Ningxia Xinjingsheng	82,316	112,237	322,542
Changsha Maijing	31,374	46,734	86,174
Changsha Sinocera	19,054	28,918	42,509
Changsha Ruihong	3,303	11,024	20,364
Hunan Hualian Special Yuanhua	2,992	6	—
Hunan Hualian Torch	843	988	—
Changsha Intelligent Robot	54	733	2,386
HAWEMA Werkzeugschleifmaschinen GmbH	—	20,630	3,515
Shenzhen Nanke Jia'an	—	143	13,445
	<u>947,484</u>	<u>846,177</u>	<u>1,154,528</u>

(ii) **Revenue**

The Group

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dongguan Yuya	18,874	6,102	2,761
Dongguan Yutong	5,176	4	2,341
Changsha Maijing	2,541	1,700	8,529
Changsha Sinocera	242	195	229
Hunan Juhong	—	—	294
Shenzhen Nanke Jia'an	—	—	8
Ms. Zhou Yihui	—	—	47
	<u>26,833</u>	<u>8,001</u>	<u>14,209</u>

(iii) *Rental income*

The Group

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dongguan Yutong	17,259	13,008	13,737
Dongguan Yuya	4,312	3,508	3,216
Changsha Sinocera	304	278	279
Hunan Juhong	253	413	422
Ms. Zhou Yihui	37	37	43
Ms. Zhou Xinyi	37	37	—
Changsha Ruihong	6	15	17
Mr. Jiang Weiping	—	73	—
Changsha Maijing	—	180	732
Hunan Miaomiao	—	236	510
Shenzhen Nanke Jia'an	—	31	40
	<u>22,208</u>	<u>17,816</u>	<u>18,996</u>

(iv) *Finance costs — Interest on lease liabilities*

The Group

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Ms. Chau Kwan Fei	<u>25</u>	<u>25</u>	<u>25</u>

(v) *Finance costs — interest on loan from a related party*

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Technology (HK) Co., Limited	<u>44,826</u>	<u>37,514</u>	<u>1,457</u>

(vi) *Expense relating to short-term leases*

The Group

Name of related party	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Hualian Torch	<u>300</u>	<u>275</u>	<u>275</u>

(c) **Related party balances**

(i) *Trade and bills receivables*

The Group

<u>Name of related parties</u>	<u>As at 31 December</u>		
	<u>2022</u>	<u>2023</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Dongguan Yuya	10,828	6,380	—
Dongguan Yutong	362	4	2,557
Changsha Maijing	187	638	6,946
Hunan Miaomiao	—	42	—
Hunan Juhong	—	—	329
	<u>11,377</u>	<u>7,064</u>	<u>9,832</u>

The amounts are in trade nature, unsecured, non-interest bearing and aged within one year at the end of each reporting period.

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens International (HK) Ltd. ("Lens International") 藍思國際(香港)有限公司	6,962,061	5,006,332	6,436,543
Lens Technology (VietNam) Company Limited ("Lens VietNam") 藍思科技(越南)有限公司	218,754	98,759	104,939
Lens Technology (Changsha) Company Limited ("Lens Changsha") 藍思科技(長沙)有限公司	72,679	7,063	26,085
Shenzhen Lens Technology Company Limited ("Lens Shenzhen") 深圳市藍思科技有限公司	63,153	242,748	188,560
Lens Intelligent Control (Changsha) Company Limited ("Lens Intelligent Control") 藍思智控(長沙)有限公司	53,369	6,663	9,790
Lens Precision (Taizhou) Company Limited ("Lens Taizhou") 藍思精密(泰州)有限公司	17,665	143	94
Lens Technology (Dong Guan) Company Limited ("Lens Dongguan") 藍思科技(東莞)有限公司	2,724	3,247	983
Lens Technology (Xiangtan) Company Limited ("Lens Xiangtan") 藍思科技(湘潭)有限公司	1,090	3,235	393
Lens Intelligent Robot (Changsha) Company Limited ("Lens Intelligent Robot") 藍思智能機器人(長沙)有限公司	46	68	—
Changsha Lens New Material Company Limited ("Changsha Lens New Material") 長沙藍思新材料有限公司	29	1	5
Shenzhen Lens Intelligence Robot Company Limited ("Shenzhen Lens Intelligence Robot") 深圳藍思智能機器人有限公司	23	—	27
Lens System Integration Company Limited ("Lens System Integration") 藍思系統集成有限公司	12	19	53
	<u>7,391,605</u>	<u>5,368,278</u>	<u>6,767,472</u>

The amounts are in trade nature, unsecured, non-interest bearing. Details of ageing of these trade receivables are set out in Note 27.

(ii) *Amounts due from related parties*

The Group

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Dongguan Yuya	17,494	17,021	16,700
Dongguan Yutong	14,439	12,300	7,707
Ms. Chau Kwan Fei	159	161	165
Changsha Sinocera	115	119	117
Hunan Juhong	26	153	64
Changsha Ruihong	2	—	2
Ms. Zhou Yihui	—	—	4
Hunan Miaomiao	—	—	85
Shenzhen Nanke Jia'an	—	—	29
	<u>32,235</u>	<u>29,754</u>	<u>24,873</u>

Except for RMB8,123,000, RMB5,642,000 and RMB781,000 as at 31 December 2022, 2023 and 2024, respectively, which are rental and other deposits, unsecured and repayable according to the mutually agreed terms of payment, the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 April 2025, the above non-trade amount had been fully settled.

Maximum amounts due from a director

Name of a director	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Ms. Chau Kwan Fei	<u>159</u>	<u>161</u>	<u>165</u>

(iii) *Prepayments for property, plant and equipment*

The Group

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	25,624	27,503	27,930
Changsha Maijing	6,231	9,985	6,433
Changsha Ruihong	3,697	—	839
HAWEMA Werkzeugschleifmaschinen GmbH	—	4,338	4,801
	<u>35,552</u>	<u>41,826</u>	<u>40,003</u>

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens System Integration	3,909	—	—
Hunan Blue Crystal Photovoltaic Technology Company Limited (“Hunan Blue Crystal Photovoltaic”) 湖南藍晶光伏科技有限公司	—	20,000	—
	3,909	20,000	—

The amounts are in non-trade nature, unsecured, non-interest bearing and the property, plant and equipment will be delivered to the respective entities in accordance with the terms of respective agreements. As at 30 April 2025, the amount of RMB21,874,000 had been transferred to property, plant and equipment and the remaining amount will be transferred to property, plant and equipment before 31 July 2025 as represented by directors of the Company.

(iv) Amounts due from subsidiaries

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Taizhou	1,373,422	1,086,709	222,723
Lens Dongguan	535,159	400,685	187,517
Lens Intelligent Control	463,455	31,601	23,716
Lens Xiangtan	255,115	1,009,000	447,205
Lens One Technology (Dong Guan) Company Limited (“Lens One Technology (Dong Guan)”) 藍思旺科技(東莞)有限公司	168,317	168,317	100,000
Lens Precision (Dongguan) Company Limited (“Lens Precision (Dongguan)”) 藍思精密(東莞)有限公司	126,000	—	—
Lens Changsha	105,579	75,946	105,901
Lens Technology (Kunshan) Company Limited (“Lens Technology (Kunshan)”) 藍思科技(昆山)有限公司	43,432	28,700	28,700
Lens VietNam	17,834	374	32,399
Liuyang Panzhi Consulting Company Limited (“Liuyang Panzhi”) 瀏陽磐智諮詢有限公司	9,000	9,000	9,000
Shenzhen Lens Wang Supply Chain Management Company Limited (“Shenzhen Lens Wang”) 深圳市藍思旺供應鏈管理有限公司	3,273	—	—
Changsha Lens New Material	1,145	1,587	1,382
Lens Intelligent Robot	1,133	1,819	1,646
Lens System Integration	580	—	—
Changsha Yong'an New Materials Company Limited (“Changsha Yong'an New Materials”) 長沙永安新材料有限公司	214	219	219
	3,103,658	2,813,957	1,160,408
Analysed for reporting purposes as:			
Current assets	1,790,731	752,094	498,716
Non-current assets	1,312,927	2,061,863	661,692
	3,103,658	2,813,957	1,160,408

The amount is non-trade in nature, unsecured, interest-free and repayable according to the mutually agreed terms of payment.

(v) *Trade and other payables*

The Group

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	97,349	63,676	117,217
Zibo Jincheng	76,629	61,557	57,002
Dongguan Yutong	49,528	66,221	27,016
Dongguan Yuya	22,367	19,882	8,649
Changsha Maijing	11,074	24,022	38,242
Changsha Sinocera	5,315	4,134	11,027
Hunan Hualian Torch	103	25	25
Changsha Ruihong	708	2,144	6,815
Hunan Hualian Special Yuanhua	407	422	295
Changsha Intelligent Robot	36	566	2,280
Ningxia Xinjingsheng	—	29,672	138,423
Shenzhen Nanke Jia'an	—	143	4,579
	<u>263,516</u>	<u>272,464</u>	<u>411,570</u>

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Lens Hualian Precious Ceramics Company Limited (“Lens Hualian”) 湖南藍思華聯精瓷有限公司	260	—	—
Hunan Lens New Energy Company Limited 湖南藍思新能源有限公司	—	—	3
Lens International	1,478,666	170,377	866,072
Lens Taizhou	174,727	16,456	194
Lens Dongguan	961	1,391	427
Lens Xiangtan	—	88,513	75,006
Lens Changsha	1,484,137	86,338	748,991
Lens System Integration	—	3,333	3,051
Lens Intelligent Control	343,464	235,312	624,376
Lens Intelligent Robot	111,678	66,881	217,070
Shenzhen Lens Wang	370,081	371,231	1
Shenzhen Lens System Integration Company Limited (“Shenzhen Lens System”) 深圳市藍思系統集成有限公司	768	7,112	5,195
Changsha Lens New Material	85,994	99,998	178,667
Changsha Yong'an New Materials	48,169	63,161	66,124
Hunan Blue Crystal Photovoltaic	—	—	312,679
Lens Technology Japan Co., Ltd	—	—	484
	<u>4,098,905</u>	<u>1,210,103</u>	<u>3,098,340</u>

The amounts are trade in nature, unsecured, interest-free and repayable within 120 days.

(vi) *Amounts due to related parties*

The Group

Name of related party	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Hunan Juhong	20	20	20
Dongguan Yutong	—	68	—
Changsha Ruihong	1	1	1
Shenzhen Nanke Jia'an	—	5	5
	<u>21</u>	<u>94</u>	<u>26</u>

Except for RMB21,000, RMB26,000 and RMB26,000 as at 31 December 2022, 2023 and 2024, respectively, which are rental and other deposits, unsecured and repayable according to the mutually agreed terms of payment, the remaining amounts are non-trade in nature, unsecured, interest-free and repayable on demand. As at 30 April 2025, the above non-trade amounts had been fully settled.

(vii) *Loan from a related party/related parties*

The Group

Name of related party	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Technology (HK) Co., Limited (<i>note</i>) .	<u>1,027,632</u>	<u>1,065,146</u>	<u>—</u>

The Company

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Technology (HK) Co., Limited (<i>note</i>) .	1,027,632	1,065,146	—
Lens Technology (Changsha)	300,000	300,000	1,800,000
Lens Intelligent Control	<u>—</u>	<u>—</u>	<u>251,240</u>
	<u>1,327,632</u>	<u>1,365,146</u>	<u>2,051,240</u>

The carrying amounts of the above loans are repayable:

— Within a period of more than one year but not exceeding two years	300,000	1,365,146	—
— Within a period of more than two years but not exceeding five years	<u>1,027,632</u>	<u>—</u>	<u>2,051,240</u>
	<u>1,327,632</u>	<u>1,365,146</u>	<u>2,051,240</u>

Note: The amounts as at 31 December 2022 and 2023 were unsecured and repayable in 2025 pursuant to the loan agreement. The amounts bore interest at LPR. The loan was fully settled during the year ended 31 December 2024.

(viii) *Contract liabilities*

The Group

Name of related parties	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Changsha Maijing	2,578	3,142	1,216
Shenzhen Nanke Jia'an	—	1	1
	<u>2,578</u>	<u>3,143</u>	<u>1,217</u>

The amounts are trade in nature, unsecured and non-interest bearing.

(ix) *Amounts due to subsidiaries*

The Company

Name of related party	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Lens Changsha	2,594,283	2,595,080	2,100,150
Lens International	65,331	65,330	65,231
Lens Taizhou	41,902	45,364	40,827
Lens Xiangtan	6,280	24,753	109,287
Shenzhen Lens Intelligence Robot	5,092	214	—
Lens Intelligent Control	2,235	3,959	2,277
Shenzhen Lens System	<u>2,295</u>	<u>454</u>	<u>454</u>
	<u>2,717,418</u>	<u>2,735,154</u>	<u>2,318,226</u>

The amount is non-trade in nature, unsecured, interest-free and repayable on demand.

(x) *Lease liabilities*

The Group

Name of related party	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Ms. Chau Kwan Fei	<u>916</u>	<u>924</u>	<u>955</u>

The amounts are non-trade in nature and represent leasing of office and repayable as per the lease contracts. The lease contracts will be mature until June 2026 and the Group intends not to renew or extend the lease before the expiration of the lease.

(d) **Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management of the Group during the Track Record Period is as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	9,802	10,319	11,702
Discretionary bonus	4,794	5,044	5,714
Retirement benefit scheme contributions	104	112	104
	<u>14,700</u>	<u>15,475</u>	<u>17,520</u>

The remuneration of directors, supervisors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Loan from a related party	Lease liabilities	Amounts due to related parties		Dividend payable	Total
				to related parties			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2022	18,075,738	1,390,018	54,839	460	—	—	19,521,055
Financing cash flows	(952,760)	(407,212)	(32,126)	(439)	(523,722)	—	(1,916,259)
Dividends declared	—	—	—	—	523,722	—	523,722
New leases entered	—	—	25,194	—	—	—	25,194
Early termination of lease	—	—	(2,076)	—	—	—	(2,076)
Non-cash transactions (<i>note</i>)	720,793	—	—	—	—	—	720,793
Exchange adjustments	557,939	—	—	—	—	—	557,939
Interest expenses	<u>569,573</u>	<u>44,826</u>	<u>1,817</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>616,216</u>
At 31 December 2022	18,971,283	1,027,632	47,648	21	—	—	20,046,584
Financing cash flows	(4,136,696)	—	(28,809)	73	(1,033,283)	—	(5,198,715)
Dividends declared	—	—	—	—	1,033,283	—	1,033,283
New leases entered	—	—	28,210	—	—	—	28,210
Exchange adjustments	(47,533)	—	—	—	—	—	(47,533)
Interest expenses	<u>471,022</u>	<u>37,514</u>	<u>1,450</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>509,986</u>
At 31 December 2023	15,258,076	1,065,146	48,499	94	—	—	16,371,815
Financing cash flows	(1,939,523)	(1,066,603)	(30,580)	(68)	(1,528,490)	—	(4,565,264)
Dividends declared	—	—	—	—	1,528,490	—	1,528,490
New leases entered	—	—	177,866	—	—	—	177,866
Early termination of lease	—	—	(619)	—	—	—	(619)
Non-cash transactions (<i>note</i>)	625,740	—	—	—	—	—	625,740
Exchange adjustments	(687)	—	—	—	—	—	(687)
Interest expenses	<u>382,959</u>	<u>1,457</u>	<u>4,022</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>388,438</u>
At 31 December 2024	<u>14,326,565</u>	<u>—</u>	<u>199,188</u>	<u>26</u>	<u>—</u>	<u>—</u>	<u>14,525,779</u>

Note: The amount represents the drawdown of borrowings used for direct settlement of the Group's obligations to its suppliers, as agreed upon between the other financial institution and the Group.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	31,150,285	34,279,477	34,753,669

General information of subsidiaries

Name of subsidiaries	Place of incorporation/ registration and operation	Registered capital	Proportion of effective ownership interest held by Company								Principal activities
			Directly				Indirectly				
			At 31 December			Date of report	At 31 December			Date of report	
			2022	2023	2024		2022	2023	2024		
			%	%	%	%	%	%	%		
Lens International <i>(notes i)</i>	Hong Kong 5 November 2010	USD 1,437,194,600	100.00	100.00	100.00	100.00	—	—	—	—	Trade and investment
Lens Technology (Kunshan) <i>(note ii)</i>	The PRC 31 December 2006	USD 25,000,000	75.00	75.00	75.00	75.00	25.00	25.00	25.00	25.00	Manufacturing and sales of consumer electronics
Lens One Technology (Shenzhen) Company Limited 藍思旺科技(深圳) 有限公司 <i>(note ii)</i>	The PRC 19 April 2006	HK\$ 120,000,000	75.00	75.00	75.00	75.00	25.00	25.00	25.00	25.00	Manufacturing and sales of consumer electronics
Lens Shenzhen <i>(note ii)</i>	The PRC 18 September 2003	RMB 50,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of products and research and development
Lens Changsha <i>(note ii)</i>	The PRC 26 January 2011	USD 3,103,032,466	75.00	75.00	84.34	84.34	25.00	25.00	15.66	15.66	R&D, production and sales of window protection screens smart wearables and smart vehicle cockpits
Lens Hualian <i>(note ii)</i>	The PRC 13 June 2012	RMB 20,000,000	—	—	—	—	51.00	51.00	51.00	51.00	Manufacturing and Sales of consumer electronics
Lens Xiangtan <i>(note ii)</i>	The PRC 23 July 2012	RMB 3,464,852,719	61.79	61.79	57.33	57.33	38.21	38.21	42.67	42.67	R&D, production, assembly and sales of electronic products and spare parts business
Lens Technology, Inc. <i>(note iv)</i>	U.S. 9 January 2015	USD 1,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Trading
Lens Intelligent Robot <i>(note ii)</i>	The PRC 22 July 2016	RMB 100,000,000	60.00	60.00	60.00	60.00	—	—	—	—	R&D of intelligent equipment and robot
Lens One Technology (Dong Guan) <i>(note ii)</i>	The PRC 16 January 2012	USD 60,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Manufacturing and sales of consumer electronics
Lens Dongguan <i>(note ii)</i>	The PRC 6 July 2010	RMB 3,225,987,115	100.00	100.00	100.00	100.00	—	—	—	—	R&D, production and sales of window protection screens
Lens Precision (Dongguan) <i>(note ii)</i>	The PRC 24 February 2017	RMB 1,060,666,700	100.00	100.00	100.00	100.00	—	—	—	—	Manufacturing and sales of consumer electronics
Lens Intelligent Control <i>(note ii)</i>	The PRC 18 March 2017	RMB 826,112,640	75.00	38.34	33.24	33.24	25.00	61.66	66.76	66.76	Manufacture of electronic components

Name of subsidiaries	Place of incorporation/ registration and operation	Registered capital	Proportion of effective ownership interest held by Company								Principal activities
			Directly				Indirectly				
			At 31 December			Date of report	At 31 December			Date of report	
			2022	2023	2024		2022	2023	2024		
			%	%	%	%	%	%	%		
Lens Viet Nam (note iii)	VIET NAM 12 June 2017	USD 360,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Production of electronic components and maintenance of electronic and optical equipment
Liuyang Panzhi (note ii)	The PRC 28 October 2018	RMB 8,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Business service industry
Changsha Lens New Material (note ii)	The PRC 10 October 2018	RMB 100,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Sales of consumer electronics
Lens System Integration (note ii)	The PRC 22 March 2019	RMB 110,116,718	100.00	100.00	100.00	100.00	—	—	—	—	Provision of information system R&D and integration services, including the industrial Internet
Changsha Yong'an New Materials (note ii)	The PRC 25 September 2019	RMB 10,000,000	51.00	51.00	51.00	51.00	—	—	—	—	Sales of consumer electronics
Lens Taizhou (note ii)	The PRC 3 May 2016	RMB 4,611,397,559	—	—	2.17	2.17	100.00	100.00	97.83	97.83	R&D, manufacture and sales of aluminum, magnesium and other new alloy materials for mid-frames and related components of consumer electronics
Hunan Lens New Energy Company Limited 湖南藍思新能源有限公司 (note ii)	The PRC 28 October 2021	RMB 1,000,000,000	100.00	100.00	100.00	100.00	—	—	—	—	Sales of consumer electronics
Shenzhen Lens Wang (note ii)	The PRC 17 June 2022	RMB 100,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Supply chain management
Shenzhen Lens System (note ii)	The PRC 5 May 2022	RMB 5,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Shenzhen Lens Intelligent Manufacturing Technology Company Limited 深圳藍思智造科技有限公司 (note vi)	The PRC 26 April 2022	RMB 2,000,000	—	—	—	—	100.00	100.00	100.00	N/A	Sales of consumer electronics
Shenzhen Lens Intelligence Robot (note ii)	The PRC 18 August 2022	RMB 100,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
MOSS TECHNOLOGY, S.A.DE C.V. (note iv)	Mexico 4 May 2022	MXN 50,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Lens One Technology (Guangxi) Company Limited 藍思旺科技(廣西)有限公司 (note iv)	The PRC 31 May 2022	USD 2,000,000	—	—	—	—	100.00	100.00	100.00	100.00	Sales of consumer electronics
Hunan Blue Crystal Photovoltaic (note ii)	The PRC 10 April 2023	RMB 50,000,000	—	—	—	—	N/A	100.00	100.00	100.00	Sales of consumer electronics
LENS Technology Japan Co., Ltd (notes iv & v)	Japan 26 September 2022	JPY 88,880,000	—	—	—	—	N/A	100.00	100.00	100.00	Sales of consumer electronics
Fortiter Technology Pte Ltd	Singapore 18 April 2024	SGD10,000	—	—	—	—	N/A	N/A	100.00	100.00	Sales of consumer electronics
Fortiter Technology	Thailand 28 May 2024	THB 505,000,000	—	—	—	—	N/A	N/A	98.06	98.06	Sales of consumer electronics

* For identification purpose only

Notes:

- (i) The statutory financial statements of this subsidiary for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards and were audited by Morison Heng CPA Limited, certified public accountants registered in the Hong Kong.

- (ii) The statutory financial statements of the subsidiaries for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (iii) The statutory financial statements of this subsidiary for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles generally accepted in the Vietnam were audited by Ernst & Young.
- (iv) No statutory financial statements have been prepared for these entities since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.
- (v) This subsidiary was acquired in 2023.
- (vi) This subsidiary was deregistered in May 2025. The statutory financial statements of this subsidiary for the years ended 31 December 2022 and 2023 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted 31 December, as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

The directors of the Company considered that carrying amounts of non-controlling interests as at 31 December 2022, 2023 and 2024 is individually insignificant to the Group and no detailed financial information of non-wholly owned subsidiaries is disclosed.

45. EVENT AFTER THE END OF THE REPORTING PERIOD

Except as disclosed in note 15 of the Historical Financial Information, the Group has no other significant event after the end of the Track Record Period.

46. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2024.