Xin Point Holdings Limited
信邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1571

ANNUAL REPORT
2024

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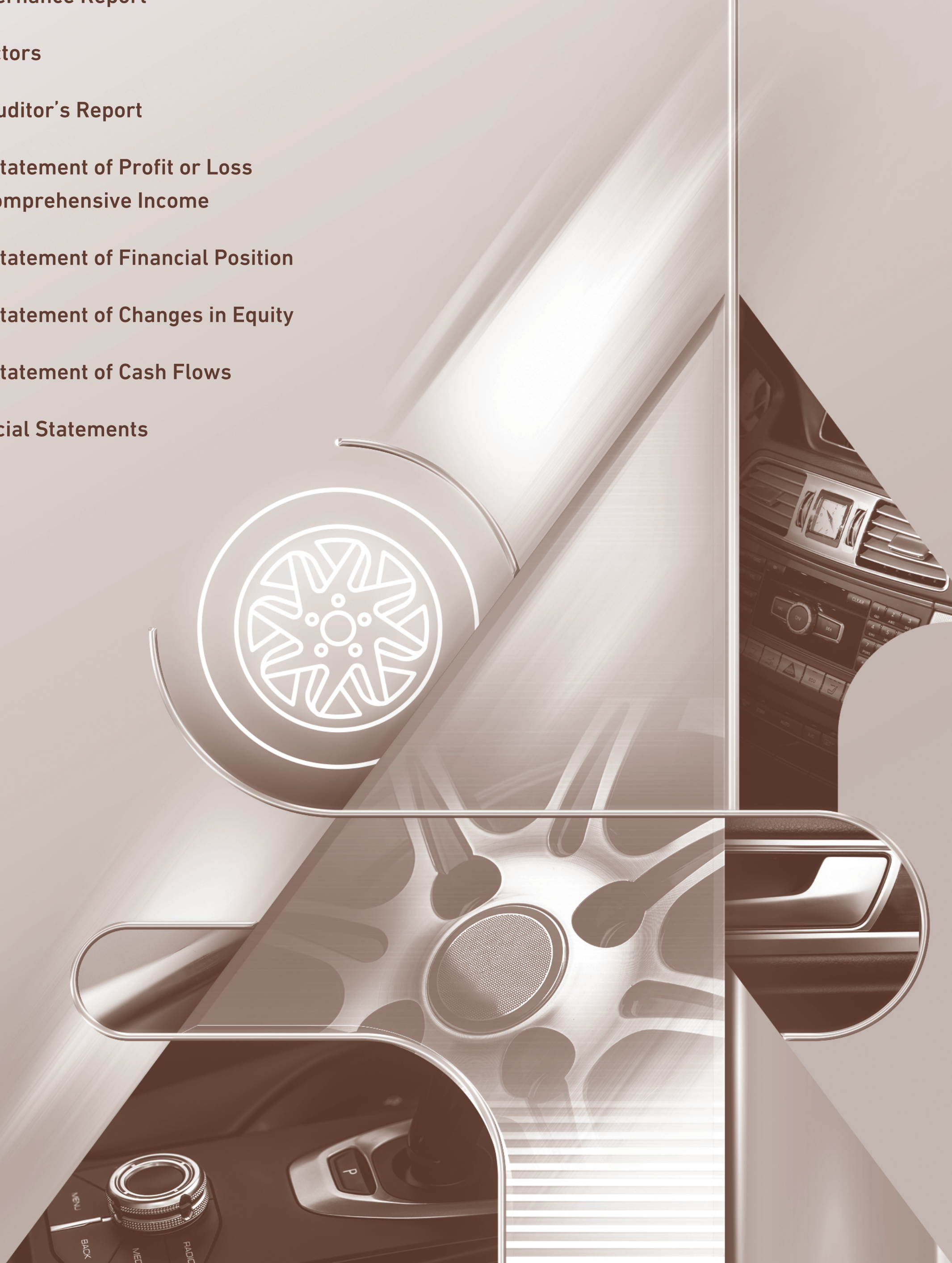


CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. MA Xiaoming (Chairman)
Mr. MENG Jun
Mr. ZHANG Yumin
Mr. LIU Jun
Mr. HE Xiaolu
Mr. JIANG Wei

Independent Non-executive Directors

Mr. TANG Chi Wai
Mr. GAN Weimin
Prof. CAO Lixin

COMPANY SECRETARY

Mr. AU Wai Keung

AUTHORISED REPRESENTATIVES

Mr. MA Xiaoming
Mr. AU Wai Keung

AUDIT COMMITTEE

Mr. TANG Chi Wai (Chairman)
Mr. GAN Weimin
Prof. CAO Lixin

REMUNERATION COMMITTEE

Prof. CAO Lixin (Chairman)
Mr. MA Xiaoming
Mr. TANG Chi Wai

NOMINATION COMMITTEE

Mr. MA Xiaoming (Chairman)
Prof. CAO Lixin
Mr. GAN Weimin

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1503, 15/F
Midas Plaza
1 Tai Yau Street, San Po Kong
Kowloon
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Keen Point Hi-tech Industrial Park
Xikeng, Huicheng District
Huizhou
Guangdong
China

STOCK CODE

The Main Board of The Stock Exchange of Hong Kong Limited
1571

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27th Floor, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISER

Chiu & Partners

WEBSITE

www.xinpoint.com

For the Year Ended December 31,

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**3,207,650**	3,102,923	2,882,866	2,312,468	2,069,366
Gross profit	**1,163,131**	1,102,998	882,113	637,362	681,544
Gross profit margin (%)	**36.3%**	35.5%	30.6%	27.6%	32.9%
Profit before tax	**711,442**	749,476	514,582	256,743	349,852
Profit attributable to the owners of the parent	**563,454**	607,394	431,296	215,240	332,426

As at December 31,

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**4,350,349**	4,432,316	3,964,130	3,399,420	3,231,136
Total liabilities	**868,239**	957,058	1,045,329	924,089	783,246
Equity attributable to the owners of the parent	**3,488,419**	3,479,756	2,920,622	2,478,176	2,448,731
Non-controlling interests	**(6,309)**	(4,498)	(1,821)	(2,845)	(841)

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of Xin Point Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**" or "**Xin Point**") for the financial year ended 31 December 2024 ("**Year**" or "**FY2024**" or "**Reporting Period**").

The automotive industry experienced significant transformations in 2024, marking a pivotal year characterised by technological advancements, regulatory developments, and evolving market dynamics. Following four years of global disruptions, including the COVID-19 pandemic and geopolitical conflicts in Ukraine and the Middle East, growth in new vehicle sales remained insignificant.

Notably, the Year also marked the recovery phase from prolonged semiconductor shortages with the stabilisation of supply chains. The establishment of regional fabrication facilities reduced dependence on single geographical regions, resulting in more resilient production cycles.

Supported by substantial government incentives aimed at fostering a "green recovery", the global electric vehicle ("**EV**") market expanded at an unprecedented pace, achieving a 40% year-on-year growth. The share of EVs in new vehicle sales surged from just 3.4% (2.1 million units) in 2019 to 21.8% (13.6 million units) in 2023. However, as the market is transitioning from early adopters to mainstream consumers, growth has begun to moderate. By the end of 2024, EVs accounted for 25% of all new vehicle sales, compared to 17% in the previous year. This growth was further driven by advancements in battery technology and the expansion of charging infrastructure.

The global automotive market reached a total revenue of $3.8 trillion in 2024, reflecting a 12% increase from the preceding year. EVs and connected vehicle technologies contributed to 60% of this expansion. China maintained its position as the world's largest automotive market, with EVs comprising 35% of total sales. In Europe, economic challenges such as high inflation and rising energy costs impacted consumer purchasing power, leading to a 10% decline in internal combustion engine ("**ICE**") vehicle sales. However, EV adoption remained strong, growing by 20% year-on-year despite broader economic headwinds. Meanwhile, North America experienced a surge in full-size EV truck sales, recording a remarkable 70% increase compared to 2023.

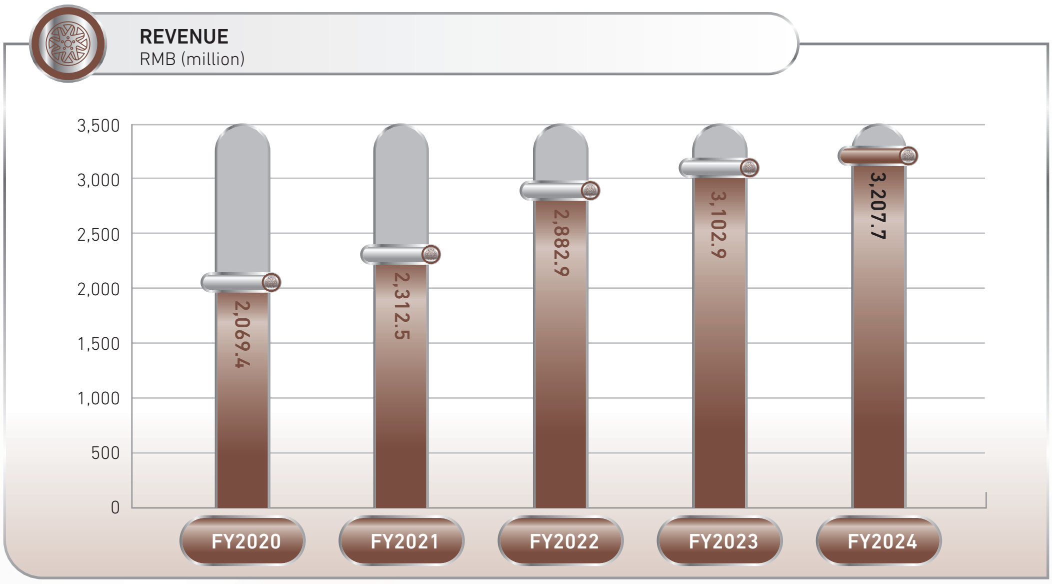
We remain committed to navigating these evolving industry dynamics and positioning the Group for sustainable growth in the years ahead.

FINANCIAL RESULTS

As of 31 December 2024, the Group employed 5,212 full-time staff and operated across 13 cities in seven countries worldwide. While the global market has demonstrated remarkable resilience over the past year, Xin Point continues to navigate an increasingly complex landscape. Rising geopolitical tensions are testing the Group's resilience and challenging our existing growth strategies as a global operator. Ongoing conflicts in Europe and escalating U.S.-China trade tensions have led to a decline in global trade cooperation, shifting the world from a globalised trade environment to one increasingly shaped by geopolitical alignments.

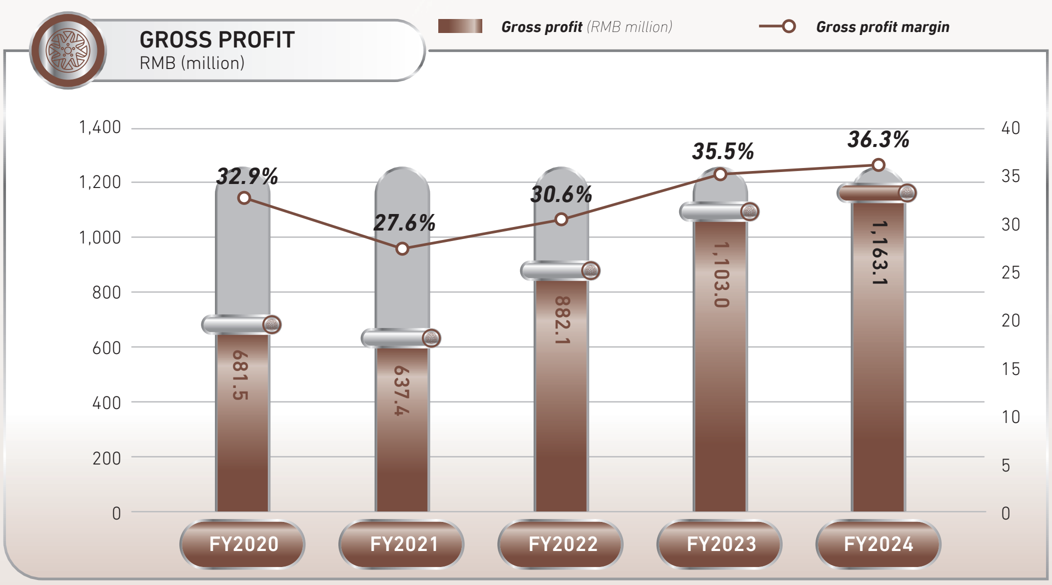
During FY2024, the Group further strengthened its position as a global leader in automotive decorative parts. By effectively leveraging business opportunities through our "one-stop shop" strategy, we remained committed to delivering the highest quality products to our customers. With a continuous focus on retaining key clients, maximising market share, and driving growth, Xin Point continued to invest significantly in fostering strong relationships with our loyal and recurring customers.

The Group's financial performance reflects the effectiveness of its strategic initiatives and ability to capitalise on market opportunities. In FY2024, the Group reported a total revenue of RMB 3,207.7 million (year ended 31 December 2023 ("**FY2023**"): RMB 3,102.9 million), representing a year-over-year increase of 3.4%. The following chart summarises the Group's revenue performance over the past five financial years:



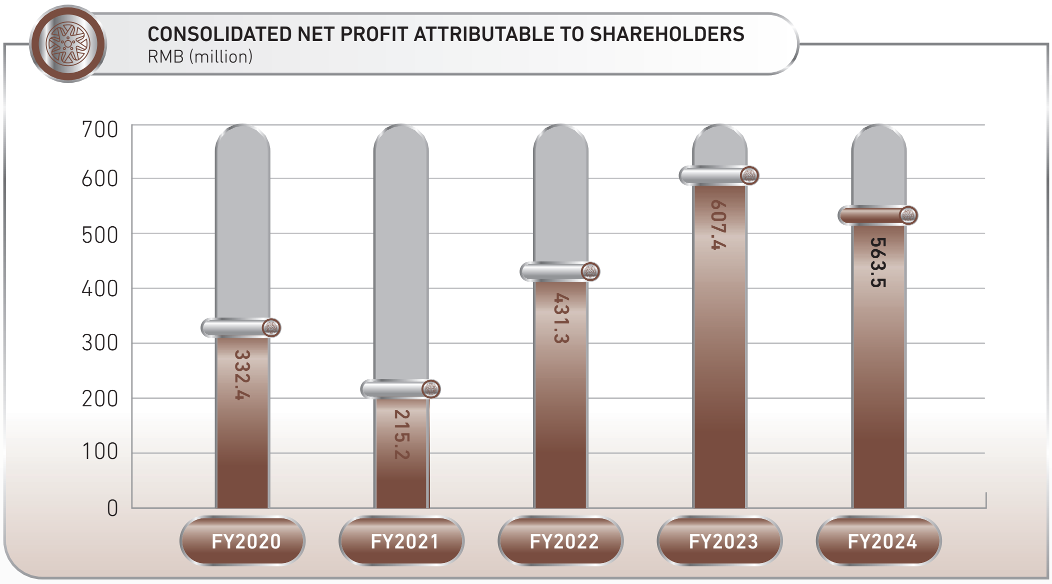
The Group recorded a gross profit of approximately RMB1,163.1 million for FY2024 as compared with a gross profit of RMB 1,103.0 million for the previous year. The Group's overall gross profit margin for FY2024 was 36.3%, representing an increase as compared with 35.5% for the previous year. The increase in gross profit margin was primarily attributable to our success in cost control and enhancements in production efficiencies, especially for the operations in our Mexico factory.

The following chart summarises the Group's gross profit and gross profit margins for the past five financial years:

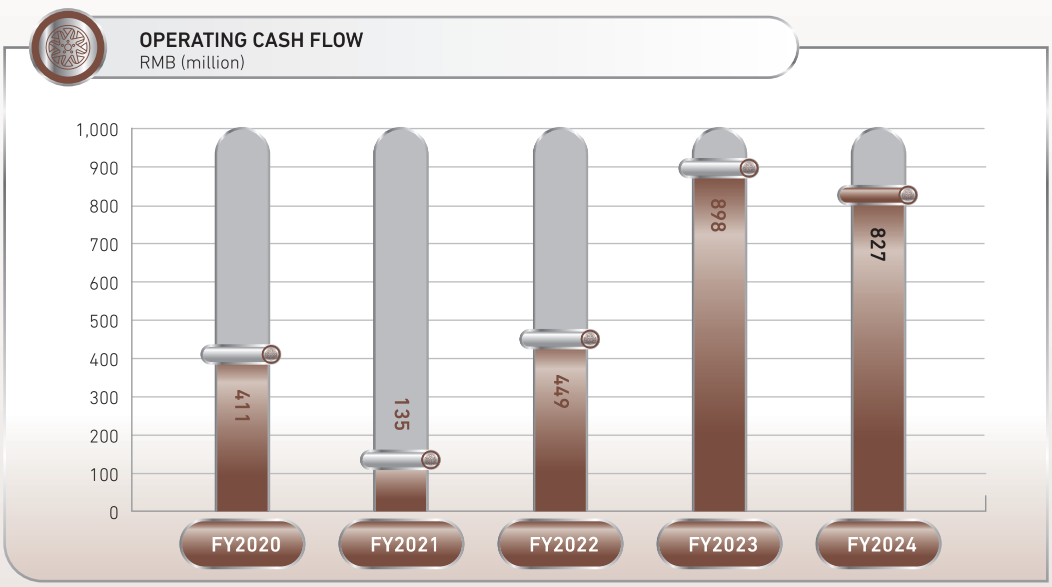


Net profit attributable to shareholders of the Company for FY2024 was RMB563.5 million (FY2023: RMB607.4 million), representing a decrease of 7.2% on a year-over-year basis. Had the uncontrollable exchange fluctuations not considered, Xin Point would have achieved a year-over-year net profit increase in FY2024 as compared to FY2023.

The following chart summarises the net profit attributable to shareholders of the Company for the past five financial years:



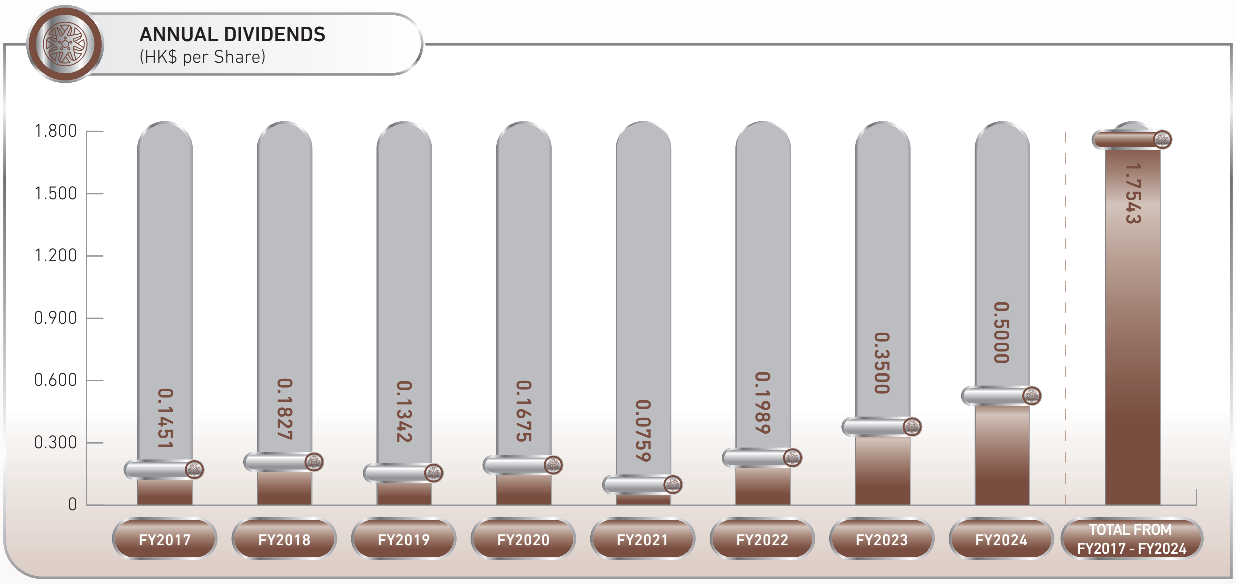
The Group derives its working capital mainly from the net cash generated from operating activities and Xin Point remains financially stable and has a strong operating cash flow. The following chart summarises the Group's operating cash flow for the past five financial years and the figures reflect Xin Point's resilience and ability to adapt to evolving market conditions while continuously enhancing our liquidity and financial position:



DIVIDENDS

The Company has proposed a final dividend of HK30 cents per ordinary share (the "**Share(s)**") for FY2024 (FY2023: HK25 cents per Share). Together with the interim dividend of HK20 cents per Share, the Company has proposed a total dividend of HK50 cents per Share for FY2024 (FY2023: total dividend of HK35 cents per Share). The Group intends to maintain a high dividend return to reward shareholders ("**Shareholders**") of the Company and to reflect our confidence in our strong financial performance.

The following chart below shows the Group's annual dividend figures from the financial year 2017 and up to FY2024:



PRODUCTION NETWORK

Over the past several years of market volatility, Xin Point has strategically diversified its global operations. This approach has been instrumental in strengthening the Company's market position, establishing a solid foundation for customer service, and fostering business growth amid various global and regional challenges.

In 2024, Xin Point's factory in Mexico achieved significant maturity through planned investments in advanced machinery and workforce development. These efforts have resulted in rising utilisation rates, improved operational efficiency, and enhanced production quality.

Meanwhile, the construction of Xin Point's newest overseas production facility in Malaysia is approaching completion. Trial operations are expected to commence by mid-2025, with mass production scheduled to begin by the end of 2025, in alignment with the original project timeline.

Xin Point remains committed to establishing a balanced and efficient global manufacturing network. This strategic approach enables the Group to drive innovation, achieve supply chain coordination, and optimise manufacturing efficiency, ultimately contributing to margin improvements. More importantly, this global network supports Xin Point's expansion strategy while providing resilience against tariffs, cost fluctuations, and other business uncertainties.

CHAIRMAN'S STATEMENT

OUTLOOK

Xin Point observes that while the global automotive market expanded last year, growth remained relatively modest. Global car sales volume continued to lag behind 2019 levels and fell several million units short of the peaks seen in 2017 and 2018. Looking ahead to 2025, we anticipate limited growth in global auto sales. Western Europe is expected to deliver another subdued performance in the absence of additional incentive programs. In contrast, market expansion in China is likely to continue, supported by remaining government incentives and increasingly affordable locally manufactured EVs.

In the United States, the market outlook remains uncertain amid the transition to a new administration. The risk of import tariffs and potential disruptions to North American production and supply chains—including facilities in Mexico and Canada—could lead to higher vehicle prices, impacting manufacturers' competitive positioning in the local market.

As one of the players in the automotive industry, Xin Point faces multiple challenges in 2025 as we adapt to the evolving market landscape and geopolitical uncertainties. Since President Trump's return to office in January 2025, broad tariffs and shifting environmental policies have introduced new risks to the sector. Inconsistent regulatory direction may lead to production delays, impacting Xin Point's future business operations. Additionally, as original equipment manufacturers (OEMs) relocate production from Southeast Asia or Mexico, higher overall costs may drive up vehicle prices, potentially dampening consumer demand.

Despite these challenges, EVs are on a clear path to profitability. Tesla has maintained profitability since 2019, and 2025 could be the year when legacy automakers achieve the same milestone. Strong global EV sales growth, coupled with declining commodity prices—such as lithium—could mark a turning point for the industry.

The broader economic outlook for 2025 remains positive, with a reduced risk of recession. Vehicle affordability is expected to improve as credit availability expands and auto loan rates decline.

Xin Point remains optimistic that, despite ongoing challenges, stabilising interest rates and improving economic conditions will support consumer confidence. While the automotive market will continue to present hurdles in 2025, gradual improvements are also on the horizon.

APPRECIATION

Lastly, on behalf of the board ("**Board**") of directors ("**Directors**") of the Company, I hereby wish to express my gratitude for the hard work contributed by all staff and the Directors, as well as the support for the Company from all our customers, suppliers, business partners and the Shareholders. We will adhere to a proven management strategy, grasp market trends and opportunities, and endeavour to bring greater value to our Shareholders.

Ma Xiaoming
Chairman

27 March 2025

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. MA Xiaoming (馬曉明先生), aged 59, is an executive Director and the chairman of the Board. Mr. Ma is also the chairman of the nomination committee ("**Nomination Committee**") of the Board and a member of the remuneration committee ("**Remuneration Committee**") of the Board. He is primarily responsible for strategic planning and development of our Group and overseeing our Group's operation and management through meetings with the senior management on a regular basis. He was appointed as a Director on 28 August 2014 and was re-designated as our executive Director and the chairman of the Board on 6 April 2016. He was awarded a Bachelor's degree in Engineering in July 1988 from the Department of Applied Chemistry of Harbin Institute of Technology (哈爾濱工業大學應用化學系), the PRC, specialising in electrochemical production process (電化學生產工藝).

Mr. Ma is one of the founders of our Group. He joined our Group in August 2005 as the president and the chairman of the board of directors of Xin Point Corporation ("**XPC**"), a subsidiary of the Company. Mr. Ma has been in charge of formulating and implementing the overall strategic development of our Group, overseeing the execution of the operational plans as well as supervising the day-to-day management of our Group's business. He is currently a director of each of the subsidiaries of the Group and the president of XPC. Mr. Ma has extensive experience in the manufacturing industry, specialising in industrial management and general operation of manufacturing enterprises.

Mr. Ma's interest in the ordinary shares ("**Shares**") of the Company is disclosed in the paragraphs headed "Interests of Directors and Chief Executive in Securities" and "Substantial Shareholders' Interests in Securities" in the Report of Directors of this report.

Mr. MENG Jun (孟軍先生), aged 59, is an executive Director. He is primarily responsible for overseeing the overall marketing operation and management of our Group. He was appointed as an executive Director on 6 April 2016. He was awarded a Bachelor's degree in engineering in July 1988 from the Department of Applied Chemistry of Harbin Institute of Technology (哈爾濱工業大學應用化學系), the PRC, specialising in electrochemical production process (電化學生產工藝). By a certificate issued by the Personnel Department of Heilongjiang Province (黑龍江省人事廳) in September 1999, Mr. Meng was qualified as a senior engineer (高級工程師) in applied chemistry (應用化工). Mr. Meng has over 28 years of experience in the industry.

Mr. Meng joined our Group in August 2004. From August 2004 to December 2009, Mr. Meng assumed the office as the general manager of Tianjin Jinxin Precision Plastic Components Company Limited, a subsidiary of the Company, responsible for overseeing its general operation and daily management. Since January 2010, Mr. Meng has assumed the office as marketing director and has been responsible for overseeing the daily management of our Group's marketing department. Mr. Meng was appointed as a director of XPC in October 2011.

Mr. Meng's interest in the Shares is disclosed in the paragraph headed "Interests of Directors and Chief Executive in Securities" in the Report of Directors of this report.

Mr. ZHANG Yumin (張玉敏先生), aged 59, is an executive Director and the chief executive officer of the Company. He joined our Group in April 2006 and was appointed as an executive Director on 6 April 2016. Mr. Zhang was appointed as the chief executive officer of the Company with effect from 21 February 2023. Mr. Zhang was awarded a Bachelor's degree in engineering in July 1988 from the Department of Applied Chemistry of Harbin Institute of Technology (哈爾濱工業大學應用化學系), the PRC, specialising in electrochemical production process (電化學生產工藝).

Mr. Zhang is primarily responsible for overseeing the operations and management of the subsidiaries of the Group located in Longhua Town and Longxi Town, Huizhou, China.

Mr. Zhang's interest in the Shares is disclosed in the paragraph headed "Interests of Directors and Chief Executive in Securities" in the Report of Directors of this report.

Mr. LIU Jun (劉軍先生), aged 49, is an executive Director and the deputy chief executive officer of the Company. He was appointed as an executive Director on 6 April 2016. Mr. Liu was appointed as the deputy chief executive officer of the Company with effect from 21 February 2023. Mr. Liu joined Huizhou Haoyu Industrial Company Limited (惠州市浩瑜實業有限公司), the predecessor entity of Huizhou Keen Point Electronics Co Ltd. (one of our principal operating subsidiaries), in December 2002. Mr. Liu was awarded a Bachelor's degree in Chemical Processing (化工工藝) from Hubei Three Gorges Institute (湖北三峽學院), the PRC, in June 1998 and was awarded a graduation certificate from the College of Advanced Continuing Education of Sun Yat-sen University (中國中山大學高等繼續教育學院), the PRC, in April 2007 for completing a one-year programme on Business Administration.

Mr. Liu Jun is primarily responsible for overseeing the operations and management of the subsidiary of the Group located in Keen Point Hi-tech Industrial Park, Huizhou, China.

Mr. Liu's interest in the Shares is disclosed in the paragraph headed "Interests of Directors and Chief Executive in Securities" in the Report of Directors of this report.

Mr. HE Xiaolu (何曉律先生), aged 49, is an executive Director. He is primarily responsible for the day-to-day sales and marketing operation and management of our Group, in particular overseeing the business development and sales and marketing strategies of our Group's overseas subsidiaries. He was appointed as an executive Director on 6 April 2016. Mr. He graduated from Fudan University (復旦大學), the PRC, majoring in History (International Tourism) (歷史學(涉外旅遊)) in July 1997. He further obtained a degree of Executive Master of Business Administration from European University, Switzerland, in June 2005.

Mr. He joined our Group in April 2006. From July 2008 onwards, Mr. He has devoted his time in overseeing the daily marketing management, in particular, overseeing the business development and strategies of overseas subsidiaries. Mr. He was appointed as a director of XPC in October 2011 and a director of Keen Point (Europe) Inc., a subsidiary of the Company, in January 2008.

Mr. He's interest in the Shares is disclosed in the paragraph headed "Interests of Directors and Chief Executive in Securities" in the Report of Directors of this report.

Mr. JIANG Wei (蔣巍先生), aged 51, is an executive Director. He is primarily responsible for overseeing the operations and management of the Group. He was appointed as an executive Director on 6 April 2016. Mr. Jiang was awarded a Diploma in Administrative Management from Shanghai Business Vocational and Technical College (上海商業職業技術學院), the PRC, in July 2001.

Mr. Jiang joined our Group in March 2004 as the general manager of Wuxi Jinxin Surface Decoration Company Limited (the "**Wuxi Jinxin**"), a subsidiary of the Company. He was then in charge of managing and supervising the daily operation, coordinating corporate resources in achieving business objectives and maintaining key customers of Wuxi Jinxin. In October 2011, Mr. Jiang was appointed as a director of XPC and has since been responsible for overseeing operation and management of our Group. Mr. Jiang has over 10 years of management experience in the manufacturing industry.

Mr. Jiang's interest in the Shares is disclosed in the paragraph headed "Interests of Directors and Chief Executive in Securities" in the Report of Directors of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TANG Chi Wai (鄧智偉先生), aged 51, was appointed as an independent non-executive Director ("**INED**") of the Company on 5 June 2017. He is also the chairman of the audit committee ("**Audit Committee**") of the Board and a member of the Remuneration Committee. Mr. Tang has over 20 years of experience in auditing, accounting and financing. Since June 2008, Mr. Tang has been serving as the financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1026). Mr. Tang was appointed as an INED of Noble Engineering Group Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8445) in September 2017 and an INED of ISP Global Limited, a company listed on GEM of the Stock Exchange in December 2017 (stock code: 8487). Mr. Tang was appointed as the honorary president of North Kwai Chung District Scout Council of Scout Association of Hong Kong in June 2019.

Mr. Tang was awarded a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University, Hong Kong, in November 1996. He holds practising certificate issued by the Accounting and Financial Reporting Council. He also holds various professional qualifications and memberships as set out below:

Date of grant	Qualification	Name of issuing organisation
September 2003	Member	The Chinese Institute of Certified Public Accountants
January 2005	Fellow	The Association of Chartered Certified Accountants
September 2009	Fellow	The Hong Kong Institute of Certified Public Accountants ("**HKICPA**")
July 2010	Chartered tax adviser (formerly known as certified tax adviser)	The Taxation Institute of Hong Kong
July 2010	Fellow	The Taxation Institute of Hong Kong
September 2014	Fellow	The Society of Registered Financial Planners
April 2015	Fellow	The Hong Kong Institute of Directors
July 2015	Fellow	The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators)
July 2015	Fellow	The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries)
October 2015	Member	Chartered Institute for Securities & Investment
November 2015	Certified internal auditor	The Institute of Internal Auditors
December 2015	Fellow	The Society of Chinese Accountants & Auditors
July 2016	Fellow	Hong Kong Investor Relations Association
September 2021	Fellow	Hong Kong Securities and Investment Institute

Prof. CAO Lixin (曹立新教授), aged 59, was appointed as an INED of our Company on 5 June 2017. Prof. Cao is also the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. Prof. Cao was awarded a Doctoral degree in Engineering in October 2009 from Harbin Institute of Technology (哈爾濱工業大學), the PRC, specialising in chemical engineering and technology (化學工程與技術 (專業)).

Prof. Cao has engaged in scientific researches and teaching focusing in the field of surface treatment and electrochemical cells in the School of Marine Science and Technology of Harbin Institute of Technology, Weihai (哈爾濱工業大學 (威海) 海洋科學與技術學院), the PRC, since October 1994.

Mr. GAN Weimin (甘為民先生), aged 59, was appointed as an INED of our Company on 5 June 2017. Mr. Gan is also a member of the Audit Committee and a member of the Nomination Committee. Mr. Gan was awarded a Bachelor's degree in engineering in July 1986 from the Department of Optical Instruments and Engineering (光學儀器工程學系) of Zhejiang University (浙江大學), the PRC, specialising in optical instruments (光學儀器). Mr. Gan was further awarded a Bachelor's degree in Law and a Master's degree in Law from Zhejiang University, the PRC in June 1988 and April 1996, respectively. Mr. Gan passed the national qualification examination in the PRC held in 1990 which accredited him as a qualified lawyer in the PRC.

Mr. Gan has extensive experience in the PRC legal industry. Since June 2023, Mr. Gan has become a partner of Beijing Jingtian & Gongcheng Law Firm (北京競天公誠律師事務所), a PRC law firm. Prior to that, Mr. Gan was a lawyer and partner of Zhe Jiang T&C Law Firm (浙江天冊律師事務所) for the period from October 1997 to December 2001, a lawyer of Beijing Kaiyuan Law Firm (北京市凱源律師事務所) for the period from December 2001 to December 2012, a partner of Zhejiang High Mark Law Firm (浙江凱麥律師事務所) for the period from September 2002 to November 2012, a partner of Beijing Guantao Law Firm (北京觀韜律師事務所) for the period from January 2013 to May 2023.

Mr. Gan held or holds directorship in the following listed companies in the last three years:

Period of time	Name of listed issuer	Place of listing and stock code	Position
January 2015 to December 2020	Shanghai Huace Navigation Technology Ltd.	Shenzhen Stock Exchange (stock code: 300627)	Independent director
May 2015 to July 2020	Shimge Pump Industry Group Co., Ltd.	Shenzhen Stock Exchange (stock code: 002532)	Independent director
January 2017 to November 2020	Sunrise Technology Co., Ltd.	Shenzhen Stock Exchange (stock code: 300360)	Independent director
March 2017 to May 2024	Zhejiang Aishida Electric Co., Ltd.	Shenzhen Stock Exchange (stock code: 002403)	Independent director
May 2020 to August 2024	Litian Pictures Holdings Limited	The Stock Exchange (stock code: 9958)	Independent non-executive director
March 2022 to present	Zhejiang Crystal-Optech Co., Limited	Shenzhen Stock Exchange (stock code: 002273)	Independent director
September 2024 to present	Shenzhen Ysstech Info-Tech Co. Ltd.	Shenzhen Stock Exchange (stock code: 300377)	Director

GENERAL

Save as disclosed above, as at 31 December 2024, none of the Directors:

(1) held any directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the end of the Reporting Period;

(2) held any other position in the Group or had other major appointments and professional qualifications;

(3) had any relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company;

(4) held any interests in the Shares or underlying Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time) ("**SFO**");

(5) was a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; and

(6) had other matters that need to be brought to the attention of the Shareholders pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Rules ("**Listing Rules**") Governing the Listing of Securities on the Stock Exchange, nor is there other information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Dr. YANG Qianshun (**楊前順博士**), aged 59, is the technical director of XPC. Currently, he is primarily responsible for the product technology and quality management as well as development of technical system of our products. Dr. Yang was awarded a Bachelor's degree in Engineering in July 1988 from the Department of Applied Chemistry of Harbin Institute of Technology (哈爾濱工業大學應用化學系), the PRC, specialising in electrochemical production process (電化學生產工藝). Dr. Yang was further awarded a Master degree in Engineering in April 1991 and a doctoral degree in applied chemistry in October 1994, respectively, both from the Department of Applied Chemistry of the Tianjin University (天津大學應用化學系), the PRC, specialising in applied chemistry. By a certificate issued by the Personnel Department of Guangdong Province (廣東省人事廳) in February 1999, Dr. Yang was qualified as a senior engineer in chemical engineering (化學工程高級工程師). Dr. Yang has over 20 years of experience in the chemical engineering industry.

Dr. Yang joined our Group in September 2012 as the technical director of XPC and has been in charge of product technology and quality management.

Ms. LIU Shaoman (劉少曼女士), aged 41, is the associate technical director of XPC. Currently, she is primarily responsible for overseeing the daily management of the technical department of XPC. Ms. Liu was awarded a Bachelor's degree in Science from Huizhou University (惠州學院), the PRC, in June 2006, specialising in applied chemistry.

Ms. Liu joined our Group in June 2006 as an engineer (and was later promoted to deputy person-in-charge) and was responsible for technical research and development. From May 2008 to June 2011, Ms. Liu assumed the office as assistant to general manager of Huizhou Keen Point Precision Plastic Co. Ltd. ("**KP (Huizhou) Precision Plastic**", a subsidiary of the Company), and was subsequently promoted to deputy general manager and was responsible for assisting the general manager in the operation management and technical management of KP (Huizhou) Precision Plastic. From July 2011 to December 2013, Ms. Liu assumed the office as deputy general manager of Huizhou Keen Point Surface Decoration Co. Ltd, a subsidiary of the Company, and was responsible for operation management and technical management of the said company. Ms. Liu assumed the office as the technical director of XPC since January 2014.

Mr. LI Chak Fu (李澤富先生), aged 56, is the finance director. He joined our Group in August 2016 and is principally responsible for the accounting and financial management of our Group as well as liaising with external parties in respect of Group's financial matters. Mr. Li's responsibilities also include acquisition evaluation, review of the Group's performance and managing investor relations. Mr. Li has more than 20 years of experience in financial management and accounting.

Mr. Li was awarded a Bachelor's degree in economics from Jinan University, the PRC, specialising in commercial science in June 1990. He was further awarded a Bachelor's degree in science (economics) from The University of Buckingham, the United Kingdom, specialising in accounting and financial management in February 1993. Mr. Li has been an associate of the HKICPA since April 1996. Mr. Li has also been a fellow of the Association of Chartered Certified Accountants since February 2001.

GENERAL

Save as disclosed above, as at 31 December 2024, none of the members of senior management:

(1) had any relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company; and

(2) had other matters that need to be brought to the attention of the Shareholders pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there other information to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

COMPANY SECRETARY

Mr. AU Wai Keung (**區偉強先生**), aged 53, was appointed as the company secretary of the Company on 6 April 2016 pursuant to the terms and conditions of a company secretarial service agreement entered into between the Company and Arion & Associates Limited (亞利安會計事務所有限公司), a company principally engaged in providing business consultancy services. Mr. Au is a director of Arion & Associates Limited. He has been serving as the company secretary for a number of Hong Kong listed companies.

Mr. Au was awarded the degree of Bachelor of Social Science from The Chinese University of Hong Kong, Hong Kong, in December 1993 and the degree of Master of Business Administration from the City University of Hong Kong, Hong Kong, in November 1999. He is a fellow of the HKICPA and a fellow of The Institute of Chartered Accountants in England and Wales.

MARKET OVERVIEW

The global light vehicle market last reached its highest sales volume at 94.5 million units in 2017. However, it experienced a significant downturn during the COVID-19 pandemic, compounded by semiconductor supply shortages that hindered sales recovery worldwide. Despite these challenges, the automotive market is gradually rebounding and is expected to surpass its previous peak by the late 2020s.

In 2024, the automotive industry experienced moderate yet steady progress toward recovery. Following years of supply chain disruptions, pandemic-related impacts, and economic uncertainty, market conditions began to improve. New car sales saw a significant increase, stability returned to the used car market, and the rapid growth of EVs continued.

Global vehicle sales was projected to reach 88.2 million units in 2024, representing a 1.7% increase from 2023, according to a leading analyst firm. This growth is driven by ongoing inventory replenishment as supply chains continue to stabilise. Regionally, the Asia-Pacific market accounted for nearly half of the total global vehicle sales. While ICE vehicles maintained the largest market share, the hybrid electric vehicle segment is expected to grow at a significant rate of 20-25% between 2024 and 2025.

In 2024, new vehicle sales in the United States—the world's largest automotive market—reached approximately 16.0 million units, according to estimates from a consulting firm, representing a year-on-year increase of over 2% compared with 2023, reaching the highest sales volume since the COVID-19 pandemic. Total new vehicle sales exceeded market's forecast, with most automakers reporting year-over-year growth, except for Stellantis and Tesla. General Motors led as the top-selling automaker, while Honda and Mazda recorded strong growth. Retail sales were particularly robust toward the end of the year.

The European auto market, including the UK, experienced modest growth of 0.9% in 2024 compared to the previous year. Reduced demand was primarily concentrated in Western Europe, while many regional markets saw downward adjustments in their outlooks. Weak sales rates were driven by persistently high vehicle prices and a complicated economic environment. Additionally, recent political developments in Germany and France have heightened uncertainty in the region. Despite support from interest rate cuts and new model launches, elevated pricing and challenges faced by domestic manufacturers have created a difficult market environment throughout 2024.

The market for the Asia Pacific region in 2024 remained positive. Since the Chinese government has doubled the amount of temporary scrappage subsidies, market activities recovered quickly over the course of the second half of 2024 (2H 2024).

Based on the data from the China Association of Automobile Manufacturers ("**CAAM**") , China produced 31.3 million and sold 31.4 million light-duty vehicles in 2024, up 3.7% and 4.5% year-on-year, respectively.

China remains the global leader in the automotive industry's prevailing trend: electrification. In 2024, electric vehicles (battery electric vehicles ("**BEVs**") and plug-in hybrid electric vehicles) accounted for over 40% of the country's total new car sales. The Chinese government continues to support EV adoption through subsidies aimed at boosting consumer demand. With a well-established EV supply chain, China's strategic push enables industry players to scale up production efficiently and maximise factory utilisation. Meanwhile, the growing number of EV-exclusive manufacturers continues to navigate challenges related to excess capacity.

The diverging picture between East and West is evident in the rapidly growing market share of new Chinese brands. Both BYD and Geely have entered the top 10 car groups, whereas just five years ago, BYD was relatively small. In 2024, BYD delivered nearly as many EVs as Tesla (1.76 million) and could potentially become the largest BEV manufacturer by the end of 2025.

With the rising popularity and acceptance of EVs in the automotive market, interior lighting has become the new trend in automotive interiors in 2024. Modern vehicles incorporate innovative lighting concepts to create immersive and customisable environments, where ambient lighting serves both aesthetic and functional purposes—enhancing driver focus and passenger comfort. Advances in LED technology allow for flexible design, enabling manufacturers to shape LEDs into virtually any form. Designers frequently leverage this capability to accentuate a vehicle's sleek lines and highlight the premium quality of interior finishes.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

There is no doubt that the automotive world in 2024 was on the brink of a paradigm shift driven by unprecedented technological advancements and a deepening commitment to sustainability. However, such technological advancements come with challenges, and some of these challenges are already slowing down growth in the auto industry. Global economic slowdowns and fierce competition from Chinese manufacturers have already slowed down the growth of EVs; in fact, major original equipment manufacturers ("**OEMs**") , such as Ford, Stellantis, and Volkswagen, have already been revising production plans and scaling back their forecasts, indicating a shift from the previously optimistic outlook for the industry.

Although EV sales reached 17.4 million units in 2024, reflecting a 48% year-over-year growth, global electric light vehicle sales are expected to see slower growth in 2025. In the U.S., President Donald Trump's efforts to roll back stringent vehicle emission standards and eliminate the current US$7,500 EV tax credit could make EVs less affordable for many consumers, potentially driving increased sales of ICE vehicles. In response, many major automakers are scaling down EV production plans and shifting focus toward hybrids and plug-in hybrids. These alternatives not only offer a more cost-effective and adaptable solution compared to full EVs, but also provide greater flexibility, effectively addressing consumer concerns such as range anxiety.

Leveraging its expertise in surface treatment technologies and long-standing partnerships with major international OEMs and tier 1 suppliers, Xin Point achieved modest growth in both revenue and gross profit for FY2024.

While the Group's total number of sales units for FY2024 continued to decrease by 7.4%, from approximately 393.4 million in FY2023 to 364.2 million in FY2024, the Group's total revenue further increased to approximately RMB3,207.7 million, reflecting a 3.4% modest increase compared to FY2023 (FY2023: approximately RMB3,102.9 million).

The Group's gross profit for FY2024 reached approximately RMB1,163.1 million, reflecting a 5.4% increase compared to the previous year (FY2023: RMB1,103.0 million). The gross profit margin further improved to 36.3% in FY2024, up from 35.5% in FY2023. This increase was primarily driven by continuous enhancements in operational efficiency, particularly the positive contributions from our production facilities in Mexico.

Electroplating production capacity and utilisation rate

During 2024, there have been no significant changes in our electroplating production capacity and our annualised electroplating production capacity remained at approximately 3.6 million sq.m. as of 31 December 2024 (as of 31 December 2023: approximately 3.6 million sq.m.).

The Group's overall utilisation rate of electroplating production capacity for FY2024 was approximately 84.2%, where the utilisation rate for FY2023 was approximately 86.6%, representing a drop of approximately 2.4 percentage points due to the installation of a new electroplating production line in mid-2023 which operated for a full year during 2024.

Production yield

During FY2024, our overall production yield rate further improved from 93.5% in FY2023 to 94.1%. Such increase was the result of improved operating efficiencies achieved in our Mexico plant and the continuous implementation of automation for Xin Point's other factories.

Outlook and order book

"2025 is set to be an exceptionally challenging year for the automotive industry, as key regional factors constrain potential demand, while the new U.S. administration introduces additional uncertainty from the outset," stated a renowned market research firm. The firm forecasts global new vehicle sales to reach 89.6 million units in 2025, representing a modest 1.7% year-over-year increase, indicating a cautious recovery. However, automotive forecasts for 2025 have been downgraded across the board.

This forecast takes into account several key factors, including improved supply conditions, tariff impacts, persistently high interest rates, affordability challenges, elevated new vehicle prices, uneven consumer confidence, energy price and supply concerns, risks in auto lending, and the ongoing challenges of electrification. In the U.S., President Donald Trump is expected to move swiftly in 2025 with a range of policy priorities, including implementing universal tariffs, pursuing deregulation, and reducing support for BEVs.

It is worth noting that global car sales in 2024 remained well below 2019 levels and fell several million units short of the peaks seen in 2017 and 2018. In Europe, the absence of a strong post-COVID-19 market rebound has been even more prominent, with car sales still approximately 18% lower than in 2019. As a result, vehicle renewal rates remain low, contributing to an ageing fleet. One key factor behind the persistently weak demand is the reduced replacement of company cars during the pandemic, which continues to impact the market.

The Chinese market is expected to continue its expansion, driven by ongoing incentive programmes and the competitive pricing of locally manufactured EVs. According to CAAM, wholesale vehicle sales are projected to grow by 4.7% year-on-year in 2025, with new energy vehicles anticipated to see a significant increase of 24.4% year-on-year.

As the world's largest automotive market, China is on track to approach the 50% mark for EV sales in 2025—much earlier than previously anticipated and far ahead of other regions. Holding more than 60% of global EV sales, China's rapid growth is expected to drive the global EV market share to nearly 25% in 2025, even when the U.S. market experiences a slowdown.

In the U.S., the automotive industry faces heightened uncertainty under the new administration. The potential implementation of Trump-era tariffs could have a profound impact on the sector, with repercussions extending globally. Given the highly integrated nature of automotive supply chains, import levies would quickly drive up costs, exerting pressure on pricing and triggering shifts in trade patterns. While U.S.-based automakers may have some capacity to restructure manufacturing operations and relocate production domestically, doing so is not always feasible and would require significant investment and workforce expansion. As a result, rising costs are inevitable, with at least a portion likely to be passed on to consumers.

Xin Point has successfully navigated years of challenging and uncertain conditions within the automotive industry and remains cautious in the face of emerging geopolitical uncertainties. To mitigate potential risks, conservative provisions have been made to our order book, with a pipeline totaling approximately RMB10.1 billion over the next five years, from 1 January 2025, to the end of 2029.

Historically, Xin Point has prioritised flexibility and resilience in restructuring its supply chains and diversifying production bases. Rather than relying solely on manufacturing facilities in China, our established presence in Mexico and, more recently, Malaysia demonstrates our adaptability. By staying attuned to evolving trade policies in key markets, Xin Point is well-positioned to swiftly adjust operational strategies in response to escalating geopolitical risks.

FINANCIAL REVIEW

Revenue

The global automotive sector remains focused on managing production and inventory levels in response to regional demand patterns, which include slower growth in key markets, in some cases related to slower electric vehicle adoption rates.

Major automakers have successfully mitigated recent supply chain challenges, while consumer confidence has shown signs of recovery in 2024. Together, these factors have created improved opportunities within the global automotive sector.

As a result, Xin Point achieved further revenue growth in FY2024. The Group recorded total revenue of RMB3,207.7 million, reflecting an increase of approximately RMB104.8 million, or 3.4%, compared to RMB3,102.9 million in FY2023. Similar to the previous year, Xin Point experienced particularly strong revenue growth in the North American market.

On the other hand, the total number of units of automotive decorative components sold in FY2024 further decreased by approximately 29.2 million units or approximately 7.4% from FY2023, while the average selling price ("**ASP**") for automotive decorative components increased to approximately RMB8.81 per unit or by approximately 11.7% when compared to FY2023, which was again the reason for the Group's revenue growth for FY2024:

i. the revenue from spray painting and assembly production lines continued to increase during FY2024: the revenue from spray painting products and assembly production lines continued to increase while revenue from sole electroplating products recorded a slight decrease during the year;

ii. the gross revenue, product ASP and segmental percentage figures derived from the North American region still showed a rising trend during FY2024. The product ASPs from this region increased by 7.3%, due to both new orders and strong underlying demands from job market which has stabilised: the overall economic momentum was building and stock market was growing, with a lower risk of recession and expected vehicle affordability;

iii. the percentage of revenue derived from China for FY2024 remained stable. There was an increase in revenue derived from China of approximately RMB32.1 million or 2.9% when compared to FY2023. The weak performance within the Chinese auto market in the first half of 2024 was completely offset by the growth in the second half of the year, as the market responded to government stimulus measures as well as aggressive promotions by vehicle manufacturers and dealers, including heavy discounting; and

iv. While China and the U.S. achieved low-to-mid single-digit year-on-year growth in FY2024, the European auto market, monitored by the European Automobile Manufacturers' Association and including the UK market, lagged behind with modest growth of 0.9% compared to 2023. European car sales dynamics varied among the big markets, partly impacted by the phasing out of the electric vehicle incentive programmes. Meanwhile, France, Germany and Italy recorded declines of 3.2%, 1.0% and 0.5%, respectively. Hence, the Group's revenue from Europe was still being affected.

Revenue by geographic segment:

	FY2024		FY2023	
	RMB'000	%	RMB'000	%
China	**1,147,391**	**35.8%**	1,115,290	35.9%
North America	**1,533,273**	**47.8%**	1,457,226	47.0%
Europe	**349,145**	**10.9%**	419,303	13.5%
Others	**177,841**	**5.5%**	111,104	3.6%
	3,207,650	**100.0%**	3,102,923	100.0%

Cost of sales

	FY2024		FY2023	
	RMB'000	%	RMB'000	%
Direct materials	**727,718**	**35.6%**	711,344	35.6%
Staff costs	**522,118**	**25.5%**	520,398	26.0%
Overheads	**794,683**	**38.9%**	768,183	38.4%
	2,044,519	**100.0%**	1,999,925	100.0%

Cost of sales increased by approximately RMB44.6 million or 2.2% from approximately RMB1,999.9 million for FY2023 to approximately RMB2,044.5 million for FY2024, while the revenue increased by 3.4% during FY2024 and such increase of cost of sales was the main result of the following:

i. After years of extreme volatility, commodity prices were expected to stabilise in 2024 due to ample supply and sluggish demand, which have helped keep prices moderate. The Group reported a year-on-year increase of only 2.3% in raw material costs, reaching RMB727.7 million for FY2024. Given the Group's revenue growth of 3.4%, as previously discussed, the improved efficiency in material consumption—driven by effective management and automation—has continued to positively contribute to overall cost control;

ii. Xin Point management always keeps its focus on improving the efficiency and productivity of its production facilities in order to achieve further cost savings by minimising manual labour through automation. Xin Point again successfully kept our staff cost growth rate at a minimal level of 0.3%, which was again lower that the growth rate of revenue for FY2024; and

iii. Overheads for FY2024 totaled approximately RMB794.7 million, reflecting an increase of RMB26.5 million, or 3.4%, from RMB768.2 million in FY2023. This increase was primarily driven by higher depreciation charges for machinery and factory buildings acquired in recent years, partially offset by a reduction in utility consumption. Notably, there were no significant increases in mould and logistics costs compared to FY2023.

Gross profit

Throughout the year, Xin Point maintained its stringent cost management philosophy by enhancing automation and streamlining operational efficiency.

Xin Point continued to record an improved gross profit margin of 36.3% for the Reporting Period when compared with 35.5% in FY2023. The gross profit was approximately RMB1,163.1 million and approximately RMB1,103.0 million for FY2024 and FY2023 respectively, representing an increase of approximately 5.4%, such increase partly attributed to the contribution improvements achieved by our production facilities in Mexico.

Other income and gains

Other income and gains mainly represented bank interest income, income from sale of scraps and testing fee income. Other income and gains decreased from approximately RMB120.8 million in FY2023 to approximately RMB50.2 million in FY2024, mainly due to the exchange losses of RMB30.5 million incurred by the Group which were accounted for as administrative expenses (please refer to the section "Administrative expenses" below), whereas exchange gains of RMB76.7 million were accounted for as other income and gains for FY2023.

Selling and distribution expenses

Selling and distribution expenses sightly decreased by approximately RMB4.6 million or approximately 5.1% to approximately RMB85.9 million for FY2024 as compared to FY2023. The increase was mainly the result of more efficient controls on overseas business travelling cost.

Administrative expenses

Details of administrative expenses are summarised below:

	FY2024		FY2023	
	RMB'000	%	RMB'000	%
Staff costs	**164,190**	**40.2%**	155,275	41.9%
Research and development expenses	**73,031**	**17.9%**	76,234	20.6%
Depreciation and amortisation	**23,278**	**5.7%**	28,561	7.7%
Exchange losses	**30,482**	**7.5%**	—	—
Legal and professional fees	**21,210**	**5.2%**	20,765	5.6%
Impairment of items of property, plant and equipment	**—**	**—**	11,307	3.0%
Others	**95,926**	**23.5%**	78,652	21.2%
	408,117	**100.0%**	370,794	100.0%

Administrative expenses increased by approximately RMB37.3 million or approximately 10.1% from approximately RMB370.8 million for FY2023 to approximately RMB408.1 million for FY2024.

The increase in administrative expenses was the combined effects of the following:

i. there was an increase in staff costs by approximately RMB8.9 million for FY2024, which was the result of the performance bonus paid to those staff who contributed to the improved results of the Group;

ii. there was a slight decrease in research and development expenses by approximately RMB3.2 million;

iii. net exchange losses of approximately RMB30.5 million were recorded (FY2023: exchange gains of approximately RMB76.7 million accounted for as other income and gains, see above) mainly due to the exchange fluctuations between Mexican peso and United States dollar ("**USD**"); and

iv. there were no further provisions for the obsolete electroplating production lines for FY2024, whereas approximately RMB11.3 million provision was made for some facilities in the Wuxi production bases during last year.

Net profit attributable to owners of the Company

Net profit attributable to owners of the Company decreased by approximately 7.2% from approximately RMB607.4 million for FY2023 to approximately RMB563.5 million for FY2024. Such decrease was due to, among other things, the combined effects of the following factors:

i. the Group's revenue recorded a growth of 3.4% or an increase of approximately RMB104.8 million for FY2024, the gross profit also increased from approximately RMB1,103.0 million for FY2023 to approximately RMB1,163.1 million for FY2024 as the Group has been continuously adopting the process automation and cost control initiatives;

ii. selling and distribution expenses decreased by 5.1% for FY2024 as compared to FY2023;

iii. other income and gains decreased by approximately 58.5% to approximately RMB50.2 million for FY2024, primarily because there were no significant net exchange gains recorded for FY2024 as the exchange rate between the USD against Renminbi ("**RMB**") remained stable during the year;

iv. there was an increase in administrative expenses by approximately 10.1% to approximately RMB408.1 million for FY2024, mainly attributable to the exchange losses of RMB30.5 million incurred from our Mexico operations; and

v. income tax increased by approximately 3.5% for FY2024 due to the payment of withholding taxes for the dividends distributions from our subsidiaries from China.

Had the uncontrollable exchange differences not taken into account, the Group's net profit figure could have increased year-on-year compared with FY2023.

Basic earnings per share attributable to owners of the Company for FY2024 decreased by 8.2% as compared to last year and was approximately RMB56 cents (FY2023: approximately RMB61 cents).

Total comprehensive income

Total comprehensive income for FY2024 was RMB423.1 million (FY2023: RMB768.0 million), which comprised (a) profit for FY2024 of RMB561.6 million (FY2023: RMB604.7 million); and (b) other comprehensive loss for FY2024 of RMB138.5 million (FY2023: other comprehensive income of RMB163.3 million) which included unrealised gain on fair value changes of listed equity investment at fair value through other comprehensive income of approximately RMB0.6 million (FY2023: unrealised loss of RMB4.5 million).

Liquidity and financial resources

For FY2024, the Group's net cash inflow from operating activities amounted to approximately RMB826.9 million, as compared to approximately RMB897.6 million in FY2023. Such decrease in the Group's operating cash inflow was mainly due to the additional withholding tax paid for the distributions from our subsidiaries in China.

As at 31 December 2024, the Group had an interest-bearing bank borrowing of RMB52.9 million, and the gearing ratio, being total bank borrowings divided by total equity, was 1.5% (31 December 2023: 2.0%).

Commitments

As at 31 December 2024, the Group had the following commitments:

	RMB'000
Capital commitments	
Capital expenditure contracted but not provided for	
in the consolidated financial statements in respect of:	
Acquisition of property, plant and equipment	**146,420**
Capital contributions to a joint venture company	**31,201**
	177,621

Interest rate and foreign exchange risks

As at 31 December 2024, the balance of a bank borrowing of the Group was approximately RMB52.9 million which was at a fixed interest rate.

The Group's cash and bank balances are mainly denominated in RMB, Euro ("**EUR**") and USD. As at 31 December 2024, the Group's cash and bank balances denominated in currencies other than the functional currencies amounted to approximately RMB618.2 million, of which approximately RMB455.5 million was denominated in USD, approximately RMB116.1 million was denominated in EUR, and approximately RMB10.6 million was denominated in Hong Kong dollar.

As a result of the constant increase in overseas sales and the vigorous fluctuation in currency markets, the management of the Group expressed a more cautious attitude towards the foreign exchange risk and closely monitored the foreign exchange exposure and adjusted the control strategy.

Contingent liabilities

As at 31 December 2024, the Group had no contingent liabilities (31 December 2023: nil).

Mortgaged assets

To secure general banking facilities, two of the Group's subsidiaries in China pledged their land leases with a net carrying amount of approximately RMB12.8 million as at 31 December 2024.

Capital expenditure

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During FY2024, the Group's capital expenditure amounted to approximately RMB256.8 million (FY2023: approximately RMB262.1 million). The capital expenditure accommodated further investments in our new injection, and spray-painting and electroplating production facilities located in China and Mexico for the planned production capacity expansion to meet our customers' demands.

IMPORTANT EVENTS AFTER THE END OF FY2024

On 14 February 2025, the Board resolved to propose to the Shareholders to adopt a new share option scheme ("**2025 Share Option Scheme**") (in addition to the 2017 Share Option Scheme (as defined below)) and a new share award scheme ("**2025 Share Award Scheme**"), which will be subject to the approval of the Shareholders. Please refer to the announcement of the Company dated 14 February 2025 for further details.

Save as disclosed above, there are no important events affecting the Group which have occurred since the end of FY2024 and up to the date of this report.

Dividend

The Board recommends the payment of a final dividend of HK$0.3 per Share for FY2024. Together with the interim dividend of HK$0.2 per Share paid, the effective dividend payout ratio was 82.6%, when calculated against the net profit of RMB561.6 million for FY2024.

EMPLOYEES

As at 31 December 2024, the Group had 5,212 employees (31 December 2023: 5,227 employees), among which, 4,383, 8, 21, 11 and 789 employees were based in China, Hong Kong, the U.S., Germany and Mexico, respectively. The remuneration of employees and staff costs for FY2024 were approximately RMB724.9 million (FY2023: RMB711.1 million).

The salaries of the Group's employees largely depend on their type and level of work as well as their length of service with the Group. They receive social welfare benefits and other benefits, including social insurance. As required by the relevant laws and regulations regarding social insurance, the relevant subsidiary of the Company participates in the social insurance schemes operated by the relevant local government authorities, which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance in the countries where the subsidiary operates.

The Directors and senior management of the Company receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses based on the performance of the Group. The Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to the Company or executing their functions in relation to its operations. The Company regularly reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company.

Further, the Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors and senior management of the Company with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Company and performance of the Group.

DEVELOPMENT & TRAINING

All new employees are required to attend orientation training to ensure that the employees are aware of and familiar with the Group's values and goals and understand their role in the Group. Employees are encouraged to attend seminars relevant to their position to enhance the competencies for their role within the Group.

CAPITAL STRUCTURE

As at 31 December 2024, the Company's issued share capital was approximately RMB87.5 million, equivalent to HK$100.0 million and divided into 1,002,905,000 Shares of HK$0.1 each (31 December 2023: RMB87.5 million).

SHARE OPTION SCHEME

A share option scheme (the "**2017 Share Option Scheme**") was adopted by written resolutions passed by the then Shareholders on 5 June 2017. Under the 2017 Share Option Scheme, the Directors may grant options (the "**Share Options**") to subscribe for the Shares to eligible participants, including without limitation, employees of the Group, directors of the Company and its subsidiaries.

On 14 August 2018, the Board granted Share Options to a group of eligible grantees (the "**Grantees**") to subscribe for up to 22,946,000 Shares, allowing the Grantees to exercise such Share Options starting from 15 August 2021 to 13 August 2028 (both days inclusive). The price per Share paid by the Grantees upon exercising the Share Options was determined pursuant to the Listing Rules and with reference to the average closing prices of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding 14 August 2018 (i.e. the date of grant).

No Share Options were granted under the 2017 Share Option Scheme during FY2024.

The Company is committed to maintaining a high standard of corporate governance practices for enhancing accountability and transparency of the Company to its investors and Shareholders. The Directors and the management of the Company are committed to conducting the Group's businesses in a transparent and responsible manner, and we believe good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, sustainable business growth and enhancing Shareholders' value in the long term.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**Governance Code**") as contained in Appendix C1 to the Listing Rules as its own code to govern its corporate governance practices.

The Company has complied with the code provisions set out in Part 2 of the Governance Code during FY2024.

The Board will continue to review and monitor the practices of the Company with an aim to achieve and maintain a high standard of corporate governance practices.

DIRECTORS' AND SENIOR MANAGEMENT'S SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Upon specific enquiry, all the Directors confirmed that they have complied with the Model Code during FY2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during FY2024.

THE BOARD OF DIRECTORS

Board Responsibilities

The Board is responsible for the overall management of the Company, including establishing and overseeing the Company's strategic development, business plans, financial objectives, capital investment proposals and assumes the responsibilities of corporate governance of the Company.

The Board gives its input and considers the priorities and initiatives, aiming at developing a sustainable plan for the Company to generate and preserve its long-term corporate values and to achieve its business strategies and objectives.

The Board may from time to time delegate all or any of its powers that it may think fit to a Director or member of senior management of the Company. The Board has formulated clear and specific rules and policies on such delegation of power to facilitate efficient operation of the Company and is supported by three board committees (together the "**Board Committees**"), which are Audit Committee, Remuneration Committee and Nomination Committee.

Directors must dedicate sufficient time and attention to the Group's affairs. Besides, the Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments with an indication of the time involved.

The Company has arranged appropriate insurance for all Directors in respect of legal actions against the Directors arising out of corporate activities.

Functions and Duties of the Board

The Board supervises the management of business and affairs of the Company. The primary duties of the Board include:

(a) overall management of the business and strategic development;

(b) deciding business plans and investment plans;

(c) monitoring the ongoing operation of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders;

(d) convening general meetings and reporting to the Shareholders; and

(e) exercising other powers, functions and duties conferred by Shareholders in general meetings.

The Board delegates the authority and responsibility of daily operations, business strategies and day to day management of the Company to the senior management.

The senior management is delegated by the Board the authority and responsibility for the daily operations and management of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions to be entered by the Company.

Composition

The composition of the Board during FY2024 and as at the date of the annual report is set out as follows:

Executive Directors

Mr. MA Xiaoming (Chairman)
Mr. MENG Jun
Mr. ZHANG Yumin
Mr. LIU Jun
Mr. HE Xiaolu
Mr. JIANG Wei

Independent Non-executive Directors

Mr. TANG Chi Wai
Mr. GAN Weimin
Prof. CAO Lixin

There is no financial, business, family or other material or relevant relationship among the Directors.

An updated list of the roles and functions of Directors is maintained on the websites of the Company and the Stock Exchange, and the Company shall update the list whenever necessary. The details of the Directors' biographical information are contained in the section headed "Profile of Directors and Senior Management" of this annual report.

Independent Non-executive Directors

During FY2024, the Company complied with the requirement of Rule 3.10A of the Listing Rules, which requires an issuer to appoint independent non-executive directors representing at least one-third of the board of directors. In addition, during FY2024, the Company has duly complied with Rule 3.10(1) and Rule 3.10(2) of the Listing Rules, which require the issuer's board must include at least three independent non-executive directors and at least one of the independent non-executive directors to have appropriate professional qualifications or accounting or related financial management expertise respectively.

The independent non-executive Directors have wide exposure and experience in the finance, legal and technical field, providing the Group with diversified expertise and experience.

Their views and participation in the meetings of the Board and Board Committees bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest, management process and ensure that the interests of all Shareholders are taken into account.

The Board has established mechanisms to ensure independent views and inputs are available to the Board. A summary of which is set out below:

(i) Composition: the Board shall include at least three independent non-executive Directors and at least one-third of the members of Board are independent non-executive Directors;

(ii) Independence assessment: the Board assesses the independence of the independent non-executive Directors annually to ensure that they can continue to exercise independent judgement;

(iii) Compensation: no equity-based or performance-related remuneration has been granted to independent non-executive Directors, which can reduce the bias in their decision-making process and maintain their objectivity and independence; and

(iv) Board decision making: all Directors are entitled to obtain additional information from the management of the Company on matters to be discussed at Board meetings and, where necessary, seek independent advice from external professional advisers at the Company's expense. Furthermore, Director(s) who has or have material interest(s) in a transaction discussed in the Board meeting shall not vote on any Board resolution approving the same.

The Board had reviewed the implementation and effectiveness of the aforementioned mechanisms during FY2024 and considers that the above mechanisms are properly implemented and effective.

The current terms of the independent non-executive Directors shall last for three years from 6 June 2023.

The Company has received an annual confirmation from each of the independent non-executive Directors on his/her independence pursuant to Rule 3.13 of the Listing Rules and the Board is satisfied that each of them is independent in accordance with the Listing Rules. The Board believes that the present structure of the Board can ensure the independence and objectivity of the Board and provide an effective system of checks and balance to safeguard the interests of the Shareholders and the Company.

The Board considers that the balance between executive and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of Shareholders and the Group as a whole. The composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business development of the Group and for effective leadership. The Board has separate and independent access to the senior management and the company secretary at all times.

Appointment, Re-election and Removal of Directors

Each of the Directors has entered into a service contract or a letter of appointment with the Company for a specific term. The current term of office for each Director is a term of three years from 6 June 2023 and is subject to retirement by rotation at an annual general meeting (the "**AGM**") at least once every three years. According to the articles of association of the Company (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at each AGM provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election at the relevant AGM. In addition, the Articles provide that any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at the meeting.

The Company may by ordinary resolution remove any Director before the expiration of his/her period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director and may elect another person for replacement.

In accordance with the Articles, Mr. Liu Jun, Mr. He Xiaolu and Mr. Jiang Wei will retire from office as Directors by rotation at the forthcoming AGM to be held on 18 June 2025 ("**2025 AGM**") and, being eligible, offer themselves for re-election.

Directors' Continuing Professional Development

The Directors are aware of the requirement under the code provision C.1.4 of the Governance Code regarding continuous professional development. The Company encourages and supports all the Directors (i.e. Mr. Ma Xiaoming, Mr. Meng Jun, Mr. Zhang Yumin, Mr. Liu Jun, Mr. He Xiaolu, Mr. Jiang Wei, Mr. Tang Chi Wai, Mr. Gan Weimin and Prof. Cao Lixin) to receive training and encourages their continuous professional development, so as to develop and keep abreast of the latest development to refresh their knowledge and skills and serve the Company more efficiently. The Company offers training opportunities for all the Directors from time to time.

In compliance with the code provision C.1.4 of the Governance Code, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant training and/or development record to the Company during FY2024.

Board and Board Committees Meetings

The Board has met regularly in FY2024. For FY2024, at least 14 days' notice for all regular Board meetings has been given to all Directors and all Directors have been given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice has been given. Relevant agenda and accompanying Board papers have been sent to all Directors at least three days in advance of every regular Board meeting.

All matters and decisions reached, including any concerns raised by Directors or dissenting views expressed, will be recorded in minutes of Board meeting or other Board Committees meetings in sufficient detail. Draft and final versions of minutes of Board/Board Committees meetings will be sent to all Directors/committee members for comment and records respectively, within reasonable time after the respective meetings are held. The final versions of these minutes are kept by the company secretary of the Company and are available for inspection at any reasonable time upon reasonable notice by any Director and auditor of the Company.

During FY2024, the Board convened a total of four Board meetings, one Remuneration Committee meeting, one Nomination Committee meeting and three Audit Committee meetings.

During FY2024, the Company has compiled with code provision C.2.7 of the Governance Code. The chairman of the Board had held a meeting with the independent non-executive Directors without the presence of other Directors.

The Board intends to continue to meet at least four times per year in the future, and the chairman of the Board intends to continue to hold at least one meeting per year with the independent non-executive Directors without the presence of other Directors.

The Board considers that all Board and Board Committees meetings held during FY2024 have been legally and properly convened in compliance with the relevant laws and regulations (including the Listing Rules and the Articles). With the assistance of the company secretary, the chairman of the Board takes the lead to ensure that Board meetings and Board Committees meetings are convened in accordance with the requirements set out in the Articles, the terms of reference of the respective Board Committees and the Listing Rules. The Directors' attendance record at the Board meetings is set out in the paragraph headed "Attendance at Board meetings, Board Committee meetings and AGM" of this section below.

Upon making reasonable request to the Company, Board members have the right to seek independent professional advice or services at the Company's expense to assist them to perform their duties to the Company.

Should a potential conflict of interest involving substantial Shareholder(s) or Director(s) arise and the Board considers the matter to be material, the Company will hold a physical Board meeting to discuss and consider the matter, instead of passing a written resolution. Independent non-executive Directors who, and whose associates, have no material interest in the transaction are required to be present at that Board meeting.

Attendance at Board meetings, Board Committee meetings and AGM

	Meetings attended/meetings held during FY2024				
Members	**Board meeting(s)**	**Audit Committee meeting(s)**	**Remuneration Committee meeting(s)**	**Nomination Committee meeting(s)**	**2024 AGM**
Executive Directors					
Mr. Ma Xiaoming	4/4		1/1	1/1	1/1
Mr. Meng Jun	4/4				1/1
Mr. Zhang Yumin	4/4				1/1
Mr. Liu Jun	4/4				1/1
Mr. He Xiaolu	4/4				1/1
Mr. Jiang Wei	4/4				1/1
Independent non-executive Directors					
Mr. Tang Chi Wai	4/4	3/3	1/1		1/1
Mr. Gan Weimin	4/4	3/3		1/1	1/1
Prof. Cao Lixin	4/4	3/3	1/1	1/1	1/1

Corporate Governance Responsibilities

The Board is responsible for fulfilling the following corporate governance responsibilities for FY2024:

- developed and reviewed the Company's corporate governance policies and practices and put forward recommendations to the Board;
- reviewed and monitored the training and continuing professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices regarding compliance with legal and regulatory requirements;
- developed, reviewed and monitored code of conduct and compliance manual for staff and Directors;
- reviewed the Company's compliance with the Governance Code and disclosure in the corporate governance report; and
- developed Shareholder communications policy and regularly reviewed the policy to ensure its effectiveness.

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Ma Xiaoming, an executive Director, is the chairman of our Company. Mr. Zhang Yumin, an executive Director, has been appointed as the chief executive officer of the Company with effect from 21 February 2023.

Mr. Ma, as the chairman of the Board, is responsible for ensuring that the Directors receive in a timely manner, adequate information which is accurate, clear, complete and reliable. He ensures that all Directors are properly briefed on issues arising at the Board meetings. Mr. Ma is also responsible for ensuring good corporate governance practices and procedures are maintained, and that all Directors make full and active contribution to the Board's affairs and that the Board acts in the best interests of the Company and its Shareholders.

Under the leadership of Mr. Ma, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Appropriate steps are taken to provide effective communication between the Shareholders and the Board. Mr. Ma will continue to ensure appropriate steps are taken and the Shareholders' views are communicated to the Board as a whole.

A culture of openness and constructive relationships among Directors are promoted within the Board, facilitating effective contribution of independent non-executive Directors and ensuring constructive relationships between executive and independent non-executive Directors.

BOARD COMMITTEES

Delegation by the Board

The Board is supported by the Board Committees, and the Board has delegated various responsibilities to the Board Committees, namely the Audit Committee, Remuneration Committee and the Nomination Committee. All Board Committees perform their distinct roles in accordance with their respective terms of reference which are available to public on the websites of the Company and the Stock Exchange.

The Company has provided the Board Committees with sufficient resources and the Board Committees may seek independent professional advice as and when required at the Company's expense.

Audit Committee

The Company established the Audit Committee on 5 June 2017 with written terms of reference in compliance with the Listing Rules and the Governance Code. The Audit Committee currently has three members, namely Mr. Tang Chi Wai, Mr. Gan Weimin and Prof. Cao Lixin, all being independent non-executive Directors. Mr. Tang Chi Wai is the chairman of the Audit Committee, and possesses the appropriate professional qualifications required under the Listing Rules. The Audit Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

The primary responsibilities of the Audit Committee are to review and supervise the financial reporting process, financial control, internal control and risk management systems of the Company, nominate and monitor external auditor, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

During FY2024, the Audit Committee convened three meetings, with all members present in person or through telephone conferences, during which the following works were performed:

- reviewed and discussed the audited annual results for FY2023 with the senior management and the external auditor of the Company;
- reviewed and discussed the unaudited interim results for the six months ended 30 June 2024 with the senior management and the external auditor of the Company;
- assessed the independence of the Company's external auditor;
- discussed with external auditors of the Company about the audit planning and fees in respect of their audit work for FY2024;
- met with the Company's external auditor to discuss the audit procedures and accounting issues;
- reviewed the financial controls, internal control, risk management systems of the Group;
- reviewed the accounting policies adopted by the Group and other issues related to the Company's accounting practice; and
- recommended the appointment of external auditor (subject to approval in AGM) and arrangements for the employees to raise concerns about possible improprieties.

The terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The attendance of the Audit Committee members at the above meetings is set out in the above paragraph headed "Attendance at Board meetings, Board Committee meetings and AGM" in this section.

The Board has not taken any view that is different from that of the Audit Committee or rejected any recommendation presented by the Audit Committee in FY2024.

Remuneration Committee

The Company established the Remuneration Committee on 5 June 2017 with written terms of reference in compliance with the Listing Rules and the Governance Code. The Remuneration Committee has three members, namely Mr. Ma Xiaoming, an executive Director, and Prof. Cao Lixin and Mr. Tang Chi Wai, being independent non-executive Directors. Prof. Cao Lixin, an independent non-executive Director, is the chairman of the Remuneration Committee. The Remuneration Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

The primary duties of the Remuneration Committee are to review, determine and make recommendations to the Board on the policy and structure of the remuneration (including bonuses and other compensation) payable to the Directors and senior management and make recommendations on employee benefit arrangements.

The Remuneration Committee is also responsible for establishing a formal and transparent procedure for formulating a remuneration policy, and ensuring that no Director or his/her associate is involved in deciding his/her own remuneration. The Remuneration Committee assesses the performance of executive Directors and approves the terms of executive Directors' service contracts. The Remuneration Committee also makes recommendations to the Board on remuneration packages of individual executive Directors and senior management. In addition, the Remuneration Committee is responsible for reviewing and/or approving matters relating to share schemes of the Company under Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting in FY2024 to review and make recommendations to the Board on the existing remuneration packages of all Directors and senior management, and assess the performance of executive Directors. The terms of reference of the Remuneration Committee have been revised by the Board in 2022 to comply with the then relevant amendments to the Listing Rules. The attendance of the Remuneration Committee members at the said meeting is set out in the paragraph headed "Attendance at Board meetings, Board Committee meetings and AGM" in this section above.

Details of the Group's remuneration policies for directors and employees are set out in the paragraphs headed "Compensation of Directors and Senior Management" and "Employees and Remuneration Policy" in the Report of Directors.

The terms of reference of the Remuneration Committee is available on websites of the Company and the Stock Exchange.

Nomination Committee

The Company established the Nomination Committee on 5 June 2017 with written terms of reference in compliance with the Listing Rules and the Governance Code. The Nomination Committee consists of three members, namely Mr. Ma Xiaoming, an executive Director, and Mr. Gan Weimin and Prof. Cao Lixin, being independent non-executive Directors. Mr. Ma Xiaoming, the chairman of the Board, is the chairman of the Nomination Committee. The Nomination Committee has access to professional advice, if required, and is provided with sufficient resources to perform its duties.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually, to determine the policy for the nomination of Directors, and make recommendations on any proposed changes to the Board composition to complement the Company's corporate strategy. The Nomination Committee is also responsible for identifying suitably qualified individuals and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of the independent non-executive Directors. Details of the nomination policy are set out in the paragraph headed "Policy for Nomination of Directors" in this section below.

The Nomination Committee held one meeting in FY2024, during which the diversity, structure, size and composition of the Board, the independence of the independent non-executive Directors and the qualifications of the retiring Directors standing for re-election at the 2024 AGM were reviewed and considered, and relevant recommendation was made to the Board. The attendance of the Nomination Committee members at the said meeting is set out in the paragraph headed "Attendance at Board meetings, Board Committee meetings and AGM" in this section above.

In selecting candidates for directorship of the Company, the Nomination Committee makes reference to certain criteria such as the Company's needs, the integrity, experience, skills and expertise of the candidate, board diversity aspects and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary. Details of the Board diversity policy are set out in the paragraph headed "Board Diversity Policy" in this section below.

The terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

REMUNERATION OF MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management of the Group (other than Directors) by band for FY2024 is set out below:

	Number of individuals
Nil to RMB1,000,000	2
RMB1,000,001 – RMB2,000,000	Nil
RMB2,000,001 – RMB2,500,000	1

Details of Directors' remuneration for FY2024 are set out in Note 8 to the financial statements in this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's external auditor, Ernst & Young, for FY2024 is set out below:

	Amount (RMB'000)
Audit services	1,680
Non-audit services	
(Agreed upon procedures in relation to the Group's interim financial information and final result announcements)	280
Total	1,960

The Audit Committee has expressed its views to the Board that the level of fees paid/payable to the Company's external auditor for annual audit and non-audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during FY2024.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, reappointment and removal of the external auditor. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of Ernst & Young as the Company's external auditor for the financial year ending 31 December 2025 which is subject to the approval by the Shareholders at the forthcoming 2025 AGM.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare accounts of the Group and other financial disclosures required under the Listing Rules and the Company's management will provide information and explanation to the Board to enable it to make informed assessments of the financial and other decisions.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor of the Company in respect of their reporting responsibilities on the Company's financial statements for FY2024 is set out in the "Independent Auditor's Report" contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining effective risk management and internal control systems and conducting annual review on the effectiveness of the risk management and internal control systems of the Company and its subsidiaries. The risk management and internal control systems of the Group are characterised by distinct division between power and authority, clear procedures, high transparency and efficiency. The Company has worked out a procedure for identifying, evaluating and managing significant risks of the Company. Business departments including the production and sales departments are responsible for identifying, supervising and evaluating the risks related to themselves, and report to the Company's senior management on a regular basis. The senior management shall evaluate and set priorities for the identified risks according to the procedure set by the Audit Committee, and then submit risk alleviation plans to the Audit Committee which shall appoint officers responsible for risk management.

The Company has formulated the inside information policies according to the SFO and the Listing Rules. The Directors, senior management and all other relevant employees of the Group are provided with the guidelines to ensure that the Company promptly discloses inside information under reasonable and practicable circumstances. The guideline contains a series of procedure to ensure that the information is kept confidential before it is disclosed to the general public, and shall disclose such information to the public immediately if the Company considers that it is impossible to keep it confidential as required.

The risk management and internal control systems adopted by the Company are designed to manage rather than eliminate the risks of failing to achieve the business objectives and can only make reasonable but not absolute assurance against material misstatement or loss. Procedures have been designed for safeguarding assets against unauthorised use or disposition, maintaining of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Board is primarily responsible for overseeing and managing the Company's affairs, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group. It delegates day-to-day operations of the Company to the management within the control and authority framework set by the Board. The management is also responsible for formulating and implementing policies for the business activities and administration of the Group. Management of the Company provides all relevant information to the Board, giving its members sufficient information and explanation that it needs to discharge their responsibilities.

During FY2024, the Audit Committee and the Board conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries, including the adequacy of resources, staff qualifications and experiences, training programs and budget of the Company's accounting and financial reporting function. The Board considers that there are no significant defects in the Company's risk management and internal control systems in terms of completeness, reasonableness and effectiveness. The Board considers the risk management and internal control systems of the Company effective and adequate.

The Articles set out matters which are specifically reserved to the Board for its decision. The management team of the Company holds meetings regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management properly implement the directions and strategies set by the Board.

The senior management of the Company has provided the Board with sufficient explanation and information to enable the Board to make an informed assessment of financial and other information put before it for approval.

Currently, the Group has not established an internal audit department. The Board has reviewed the need for setting up an internal audit department within the Group during the Year, and is of the opinion that in view of the current scale and nature of the operations of the Group, it is more cost effective to appoint external independent professionals to carry out internal audit services for the Group.

The Board will continue, with the assistance of the Audit Committee and external independent professionals if necessary, to review and improve the Group's risk management and internal control systems, taking into account the prevailing regulatory requirements, the Group's business development and the interests of Shareholders.

DIVIDEND POLICY

The Company may declare and pay dividends to the Shareholders by way of cash or by other means that the Board considers appropriate. It is the policy of the Board, in recommending dividends, to allow the Shareholders to participate in the Company's profits, and at the same time, to ensure the Company to retain adequate reserves for future growth.

The Company plans to distribute not less than 30% of the distributable profits of each financial year. Any proposed distribution of final dividends shall be formulated by the Board and will be subject to the Shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the results of operations, cash flows, financial conditions, operating and capital expenditure requirements, distributable profits as determined under the Hong Kong Financial Reporting Standards and other applicable laws and regulations and other factors that the Board may consider important.

BOARD DIVERSITY POLICY

The Company has adopted a Board diversity policy (the "**Board Diversity Policy**"). The Company recognises and embraces the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. The Nomination Committee will evaluate the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates will be based on a range of diversity experiences, including but not limited to age, gender, cultural and educational background, and merit and contribution that the selected candidates will bring to the Board.

The Board has considered measurable objectives based on the following focus areas: (i) professional skills, experience, knowledge and expertise; (ii) gender; (iii) age; and (iv) culture and ethnicity. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Board considers that the objectives of the Board Diversity Policy has been achieved in FY2024. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. As at the date of this annual report, the Board comprises nine Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, in particular, in terms of professional expertise and experience, age, gender, and culture. The Company values the importance and benefits of gender diversity of the Board. The Company will continue to apply the principles of equal employment with reference to the Board Diversity Policy, and continue to promote diversity at all levels of its workforce to develop a pipeline of potential successors to the Board to achieve gender diversity.

As at the date of this annual report, the Board's composition from diversified perspectives was summarised as follow:

1) Designation: six of the Directors are executive Directors, and three of the Directors are independent non-executive Directors.

2) Gender: eight of the Directors are male, and one of the Directors is female.

3) Age group: two of the Directors are in the range of 41-50 years old, and seven of the Directors are in the range of 51-60 years old.

For the gender ratio in the workforce (including senior management) of the Group, 52.0% of the Group's employees are male and 48.0% of them are female. In addition, one of the senior management (as disclosed in the section "Profile of Directors and Senior Management – Senior Management" in this annual report) is a female while the other two senior management are male. The Board is of the view that the gender diversity across the workforce (including the Board and senior management) is proper.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has complied with the Board Diversity Policy.

POLICY FOR NOMINATION OF DIRECTORS

The factors listed below would be used as reference (but not meant to be exhaustive and decisive) by the Nomination Committee in assessing the suitability of a proposed candidate to be a new Director.

1) Reputation for integrity

2) Accomplishment and experience in the auto industry, in particular, in the electroplating plastic decorative parts markets

3) Commitment in respect of available time and relevant interest

4) Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as Directors. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary. The Nomination Committee may take such measures that it considers appropriate in connection with its evaluation of a candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, and reliance on knowledge of the Nomination Committee, the Board, or management. External recruitment professionals may be engaged to carry out the recruitment process if necessary.

COMPANY SECRETARY

Mr. Au Wai Keung ("**Mr. Au**") served as the company secretary of the Company during FY2024. Mr. Au is a director of Arion & Associates Limited, a corporate secretarial services provider in Hong Kong. Mr. Au possesses the professional qualifications that the Stock Exchange has considered acceptable under Rule 3.28 of the Listing Rules and has taken no less than 15 hours of professional training during FY2024.

Mr. Au's primary contact person at the Company is Ms. Wei Zhenqi, the secretary of the Board.

Mr. Au is responsible for providing advice to the Board on corporate governance matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (**www.xinpoint.com**) and Stock Exchange after each Shareholders' meeting. The Articles allow a Shareholder to attend and vote at a general meeting or to appoint a proxy, who needs not be a Shareholder, to attend the meeting and vote thereat on his/her/its behalf.

Pursuant to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition (including but not limited to the Shareholders' right in proposing persons for election as Directors) and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information at the Company's principal place of business in Hong Kong at Unit 1503, 15/F, Midas Plaza, 1 Tai Yau Street, San Po Kong, Kowloon, Hong Kong, with a copy of the Proposal served to the Company's branch share registrar in Hong Kong at the address and contact details set out on page 2 of this annual report.

The request will be verified with the Company's share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) notice of not less than twenty-one clear days in writing if the Proposal requires approval in an AGM; and

(2) notice of not less than fourteen clear days in writing if the Proposal requires approval in an extraordinary general meeting of the Company.

Shareholders and potential investors are welcome to communicate with the Company by email: haorancui@xinpoint.com. Shareholders may put forward their written enquiries or requisitions to the Board at Unit 1503, 15/F, Midas Plaza, 1 Tai Yau Street, San Po Kong, Kowloon, Hong Kong (Attention: the Board of Directors).

INVESTOR RELATIONS

The Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions. Updated key information and business development of the Group are also available on the Company's website to enable Shareholders and investors to have timely access to information about the Group.

The Company also endeavours to maintain an on-going dialogue with Shareholders and in particular, through general meetings which provides a forum for Shareholders to raise comments and exchange views with the Board. Directors (or their delegates as appropriate) will be available at the AGM to address Shareholders' queries.

The Company will continue to take measures to ensure effective Shareholders' communication and transparency.

During FY2024, the Articles has been amended for the purpose of, among others, conforming with the arrangement of electronic dissemination of corporate communications as set out in Rule 2.07A of the Listing Rules effective from 31 December 2023. Other minor amendments were also made for corresponding as well as housekeeping changes. The amendments were approved by way of a special resolution at the annual general meeting of the Company held on 4 June 2024 and the new Articles has been adopted on 4 June 2024. Save for the above, there was no other significant change in the constitutional documents of the Company during FY2024. Up-to-date versions of the memorandum of association of the Company and the Articles are available on the websites of the Stock Exchange and the Company.

The Company will strive to strengthen investor relationships and maintain transparency of the operating strategies, financial performance and development prospects of the Company.

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the Shareholders as follows:

(i) corporate communications such as annual report, interim report and circulars are prepared and are available on the website of Stock Exchange at www.hkexnews.hk and the Company's website at www.xinpoint.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Hong Kong branch share registrar of the Company serves the Shareholders in respect of share registration, dividend payments and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, Shareholders and the public. Enquires to the Board or the Company may be sent by post to the company secretary of the Company at the Company's principal place of business in Hong Kong as follows:

Unit 1503, 15/F
Midas Plaza
1 Tai Yau Street, San Po Kong
Kowloon
Hong Kong
(Attention: The Company Secretary)

The Board has reviewed and considers that the implementation and effectiveness of the Shareholders' Communication Policy conducted during FY2024 are achieved properly, as Company has published all the corporate communications and announcements on time as required by the Listing Rules, and also convened the 2024 AGM properly.

REPORT OF DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for FY2024.

PRINCIPAL ACTIVITIES

The Company is a limited liability company incorporated in the Cayman Islands and its registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company, and the Company's subsidiaries are principally engaged in the manufacture and sale of automotive and electronic components.

RESULTS AND DIVIDEND

The consolidated results of the Group for FY2024 are set out on pages 56 to 122 of this annual report.

The Board is pleased to recommend the payment of a final dividend of HK$0.3 per Share (the "**Proposed Final Dividend**") for FY2024. Subject to the approval of the Proposed Final Dividend by the Shareholders at the Company's 2025 AGM, the Proposed Final Dividend is expected to be paid on or about 21 July 2025 to the Shareholders whose names are listed on the register of members of the Company on 4 July 2025.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

BUSINESS REVIEW

The business review of the Group for FY2024 is set out in the section headed "Management Discussion and Analysis" from pages 15 to 24 of this annual report.

POSSIBLE RISKS AND UNCERTAINTIES FACING THE COMPANY

Description of possible financial risks and uncertainties facing the Company is set out in Note 36 to the financial statements in this annual report. A discussion of operational risks and uncertainties facing the Company is set out in the section headed "Management Discussion and Analysis" from pages 15 to 24 of this annual report.

FUTURE BUSINESS DEVELOPMENT

A discussion of the Group's future business development is set out in the "Chairman's Statement" from pages 4 to 8 and "Management Discussion and Analysis" from pages 15 to 24 of this annual report.

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting environmental sustainability. The Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During FY2024, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

The Group was not subject to any major environmental claims, lawsuits, penalties, administrative or disciplinary actions during FY2024. For more information on our environmental policies, please refer to the 2024 Environmental, Social and Governance Report of our Company.

CLOSURE OF THE REGISTER OF MEMBERS

(A) For Determining the Entitlement to Attend and Vote at the 2025 AGM

The register of members of the Company will be closed from 13 June 2025 to 18 June 2025 (both days inclusive), during which period no transfer of Shares will be effected. In order to be entitled to attend and vote at the 2025 AGM, unregistered holders of Shares should ensure that all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on 12 June 2025.

(B) For Determining the Entitlement to the Proposed Final Dividend

The payment of the Proposed Final Dividend is subject to the approval of the Shareholders at the 2025 AGM. The register of members of the Company will be closed from 30 June 2025 to 4 July 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to the Proposed Final Dividend, unregistered holders of Shares should ensure that all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 27 June 2025.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2024. Details of the investments in a joint venture and an associate are set out in Notes 16 and 17 to the financial statements in this annual report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this report, the Group did not have any concrete future plans for material investments or capital assets.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during FY2024 are set out in Note 13 to the financial statements in this annual report.

SHARE CAPITAL AND SHARES ISSUED

Details of the movements and issued in the Company's share capital during FY2024 are set out in Note 27 to the financial statements in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution amounted to approximately RMB971.4 million of which approximately RMB280.8 million has been proposed as the Proposed Final Dividend for FY2024.

RESERVES

Details of the movement in the reserves of the Group and of the Company during FY2024 are set out in Notes 29 and 37 to the financial statements in this annual report.

BANKING FACILITIES AND OTHER BORROWINGS

Details of the borrowings are set out in the paragraph headed "Management Discussion and Analysis - liquidity and financial resources" in this annual report and Note 26 to the financial statements in this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares) during FY2024.

As at 31 December 2024, the Company did not hold any treasury shares.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout FY2024. The Company has maintained directors and officers liability insurance which provides appropriate cover for, among others, Directors and officers of the Company.

EQUITY-LINKED AGREEMENTS

There were no equity-linked agreements entered into by the Group, or existed during FY2024.

CHARITABLE DONATIONS

During FY2024, the Group did not make any charitable donations.

DIRECTORS

The Directors who held office during FY2024 and up to the date of this annual report are:

Executive Directors

Mr. Ma Xiaoming (Chairman)
Mr. Meng Jun
Mr. Zhang Yumin
Mr. Liu Jun
Mr. He Xiaolu
Mr. Jiang Wei

Independent Non-executive Directors

Mr. Tang Chi Wai
Mr. Gan Weimin
Prof. Cao Lixin

There is no financial, business, family or other material or relevant relationship among the Directors of the Company.

Pursuant to the provisions in the Articles, Mr. Liu Jun, Mr. He Xiaolu and Mr. Jiang Wei will retire from office as Directors by rotation at the forthcoming 2025 AGM and, being eligible, offer themselves for re-election. The Company's circular to be dispatched to Shareholders will contain detailed information of the Directors standing for re-election.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and considers that all the independent non-executive Directors are independent.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out in the section headed "Profile of Directors and Senior Management" from pages 9 to 14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2024, none of the Directors (including those Directors proposed for re-election at the forthcoming 2025 AGM) had a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries, as applicable, within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

There were no transactions, arrangements and contracts of significance (as defined in Notes 15.2 and 15.3 of Appendix D2 to the Listing Rules), to which the Company, the Company's holding company, fellow subsidiaries or subsidiaries was a party and in which a Director or a connected entity of a Director had a material interest, whether directly or indirectly, subsisting during or at the end of FY2024.

CONTRACTS WITH DIRECTORS AND CONTROLLING SHAREHOLDERS

No contract of significance (as defined under Notes 15.2 and 15.3 of Appendix D2 to the Listing Rules) (whether for the provision of services to the Company or any of its subsidiaries) has been entered into between the Company or any of its subsidiaries and a controlling Shareholder of the Company ("**Controlling Shareholder(s)**") or any of its subsidiaries during FY2024. There was no contract of significance for the provision of services to the Group by a Controlling Shareholder or its subsidiaries during FY2024.

No transaction, arrangement and/or contract of significance (as defined under Notes 15.2 and 15.3 of Appendix D2 to the Listing Rules) which the Company or any of its subsidiaries was a party, and in which a Director (or an entity connected with a Director) has or had a material interest, whether directly or indirectly, subsisted at the end of FY2024 or at any time during FY2024.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management members of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics. The Group's remuneration packages are in line with the current legislation in the relevant jurisdictions. Bonuses are linked to the Group's financial results as well as to individual performances. The Group ensures that adequate training and professional development opportunities are provided to all employees so as to satisfy their career development needs.

The remuneration (including fees, salaries and other benefits, retirement benefit scheme contribution) paid to the Company's Directors in aggregate for the years ended FY2024 and FY2023 were approximately RMB15,983,000 and RMB14,483,000 respectively.

The remuneration (including salaries and other benefits, retirement benefit scheme contribution) paid to our Group's five highest paid individuals in aggregate for the years ended FY2024 and FY2023 were approximately RMB17,368,000 and RMB13,652.000 respectively.

For FY2024, no emoluments were paid by our Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office. None of the Directors has waived any emoluments for FY2024.

Details of the Directors' emoluments and the emoluments of the five highest paid individuals in the Group are set out in Note 8 and Note 9 of the financial statements in this annual report.

Except as disclosed above, no other payments have been made or are payable, for FY2024 by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During FY2024, none of the Directors nor the Controlling Shareholders or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely compete with, either directly or indirectly, the business of the Group.

On 5 June 2017, the Controlling Shareholders executed the deed of non-competition (the "**Non-competition Deed**") in favour of the Company, pursuant to which each of our Controlling Shareholders has, among other matters, unconditionally and irrevocably given certain non-competition undertakings to the Company. Details of which are set out in the section headed "Relationship with Our Controlling Shareholders – Undertakings given by Our Controlling Shareholders" in the prospectus of the Company dated 16 June 2017.

The Controlling Shareholders declared that they have complied with the Non-competition Deed during FY2024. The independent non-executive Directors have conducted such review for FY2024 and also reviewed the relevant undertakings and are satisfied that the Non-competition Deed has been fully complied with.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence as at the end of FY2024 or at any time during FY2024.

LOAN OR GUARANTEE FOR LOAN GRANTED TO THE DIRECTORS

During FY2024, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its Controlling Shareholders or their respective connected persons.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations, within the meaning of Part XV of the SFO, which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Long positions in the Shares and underlying Shares of the Company:

Name of Directors	Capacity and nature of interest	Total number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ma Xiaoming ("**Mr. Ma**")	Interest of controlled corporation	736,186,750 (Note 1)	
	Beneficial owner	14,635,000 (Note 2)	
	Total	750,821,750	74.86
Mr. Meng Jun	Beneficial owner	482,000 (Note 3)	0.05
Mr. Zhang Yumin	Beneficial owner	507,000 (Note 4)	0.05
Mr. Liu Jun	Beneficial owner	107,000 (Note 5)	0.01
Mr. He Xiaolu	Beneficial owner	96,000 (Note 5)	0.01
Mr. Jiang Wei	Beneficial owner	38,000 (Note 5)	0.01

Long positions in the shares of associated corporation:

Name of director	Name of associated corporation	Percentage of interest (%)
Mr. Ma	Green Pinnacle Holdings Limited ("**Green Pinnacle**") (Note 1)	100

Notes:

1. The 736,186,750 Shares are beneficially held by Green Pinnacle which is wholly owned by Mealth (PTC) Limited ("**Mealth PTC**"). Both Green Pinnacle and the Shares owned by it form part of the trust assets of the Mealth Discretionary Trust, which was established by Mr. Ma as settlor and whose trustee is Mealth PTC. The Mealth Discretionary Trust is a discretionary trust and its discretionary objects include Mr. Ma, Mr. Ma's family members, certain Directors, namely, Mr. He Xiaolu, Mr. Meng Jun, Mr. Liu Jun and Mr. Zhang Yumin and the other beneficiaries. By virtue of the SFO, Mr. Ma is deemed to be interested in the 736,186,750 Shares and the shares in Green Pinnacle held by Mealth PTC in his capacity of settlor of the Mealth Discretionary Trust.

2. Among the 14,635,000 Shares and underlying Shares, 14,507,000 Shares are beneficially held by Mr. Ma. The remaining 128,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Ma upon the exercise of the Share Options granted to him under the 2017 Share Option Scheme.

3. Among the 482,000 Shares and underlying Shares, 380,000 Shares are beneficially held by Mr. Meng Jun. The remaining 102,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Meng upon the exercise of the Share Options granted to him under the 2017 Share Option Scheme.

4. Among the 507,000 Shares and underlying Shares, 400,000 Shares are beneficially held by Mr. Zhang Yumin. The remaining 107,000 underlying Shares represent the maximum number of Shares which may be allotted and issued to Mr. Zhang upon the exercise of the Share Options granted to him under the 2017 Share Option Scheme.

5. These represent the maximum number of Shares which may be allotted and issued to such Directors upon the exercise of the Share Options granted to each of them under the 2017 Share Option Scheme.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2024, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company and or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during FY2024 or the period following 31 December 2024 up to the date of this annual report, was the Company or any of its subsidiaries or holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2024, so far as are known to the Board, the following parties (other than any Directors or chief executives of the Company) held interests or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares and underlying Shares of the Company:

Name of Shareholders	Capacity and nature of Interest	Total number of Shares and underlying Shares	Approximate percentage of the total issued share capital of the Company (%)
Green Pinnacle (Note 1)	Beneficial owner	736,186,750	73.41
Mealth PTC (Note 1)	Interest of a controlled corporation and trustee	736,186,750	73.41
Zhu Junhua (Note 2)	Interest of spouse	750,821,750	74.86

Notes:

1. 736,186,750 Shares are beneficially held by Green Pinnacle, which is wholly owned by Mealth PTC. Both Green Pinnacle and the Shares owned by it form part of the trust assets of the Mealth Discretionary Trust, which was established by Mr. Ma as settlor and whose trustee is Mealth PTC. By virtue of the SFO, Mealth PTC is deemed to be interested in the 736,186,750 Shares held by Green Pinnacle.

2. Ms. Zhu Junhua is the spouse of Mr. Ma and accordingly she is deemed to be interested in the aggregate of 750,821,750 Shares and underlying Shares in which Mr. Ma is interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, our Directors are not aware that any other persons/entities (other than any Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which had entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

MAJOR SUPPLIERS AND CUSTOMERS

In FY2024, the Group's largest customer accounted for 6.9% of the Group's total revenue. The Group's five largest customers accounted for 28.9% of the Group's total revenue.

In FY2024, the Group's largest supplier accounted for 4.2% of the Group's total cost of sales. The Group's five largest suppliers accounted for 6.5% of the Group's total cost of sales.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholder (which, to the best knowledge of the Directors, owns more than 5% of the number of issued Shares (excluding treasury shares, if any) of the Company) has any interest in the Group's five largest suppliers or the Group's five largest customers.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 5,212 full-time employees, as compared to 5,227 employees as at 31 December 2023. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits, liabilities for breaches and grounds for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits and are determined with reference to their experiences, qualifications, competence and general market conditions.

The emoluments payable to the Directors will depend on their respective contractual terms under their employment contracts or service agreements as approved by the Remuneration Committee and Nomination Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No Director should determine his or her own remuneration.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in Notes 8 and 9 to the financial statements in this annual report.

RETIREMENT BENEFITS SCHEME

The Hong Kong subsidiary of the Company participates in the Mandatory Provident Fund Schemes ("**MPF Schemes**") registered under the Mandatory Provident Fund Schemes Ordinance (Chapter 485, Laws of Hong Kong). The contributions represent contributions payable to the MPF Schemes by the Hong Kong subsidiary in accordance with relevant laws and regulations.

The employees employed in the PRC subsidiaries of the Company are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Contributions paid or payable for these retirement benefits schemes for FY2024 are RMB65.6 million (FY2023: RMB67.3 million). No forfeited contributions are available to reduce the contribution payable by the Group in future years.

CONNECTED TRANSACTION

During FY2024, our Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for FY2024, which did not constitute connected transactions under chapter 14A of the Listing Rules, are set out in Note 33 of the financial statements in this annual report.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practices and the Board firmly believes that a good corporate governance practices can improve accountability and transparency for the benefit of the Shareholders.

The Company has adopted the Governance Code as its own code to govern its corporate governance procedures. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve a high standard of corporate practice practices.

The Company has complied with the Governance Code in FY2024. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 25 to 39 of this annual report.

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. All services provided by the external auditor are required to be approved by the Audit Committee. To ensure that the policy of restricting the non-audit work done by the external auditor is strictly adopted by all entities within the Group, appropriate policies and procedures have been established for approval of engagement of the Group's independent external auditor, Ernst & Young, to provide services to the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For FY2024, the Group provided generous social security benefits to its employees to motivate them while heightening their sense of belonging. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abides by the principles of honesty and trustworthiness and commits itself to consistently provide quality products to establish a reliable service environment for its customers. For FY2024, there was no significant and material dispute between the Group and its suppliers and/or customers.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the minimum public float of 25% as required by the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During FY2024, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holding of the Shares.

2017 SHARE OPTION SCHEME

The 2017 Share Option Scheme was adopted by the then Shareholders on 5 June 2017. The purpose of the 2017 Share Option Scheme is to enable our Group to grant options to selected participants as incentives or reward for their contribution to our Group. Under the scheme, the Directors may grant options to subscribe for the Shares to eligible participants, including without limitation employees of the Group, the directors of the Company and its subsidiaries. The maximum number of Shares which may be allotted and issued upon exercise of all Share Options to be granted under the 2017 Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the date of the listing of the Company. The 2017 Share Option Scheme will remain in force for a period of 10 years commenced on the date of its adoption. The maximum number of Shares issuable to each eligible participant under the 2017 Share Option Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. The offer of a grant of Share Options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the Share Options granted is determinable by the Directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the Share Options or the expiry date of the 2017 Share Option Scheme, if earlier. The exercise price of Share Options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the Share Options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

On 14 August 2018, the Company granted Share Options to subscribe for up to 22,946,000 Shares to eligible Grantees, including certain Directors, senior management and employees of the Group under the 2017 Share Option Scheme. The exercise price is HK$3.45 per Share Option, which is not lower than the highest of (i) the closing price of HK$3.34 per Share as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average closing price of HK$3.44 per Share as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the date of grant; and (iii) the nominal value of HK$0.1 per Share. Subject to the terms of the 2017 Share Options Scheme, the Share Options granted to each Grantee are valid for a period of ten years commencing from the date of grant.

Movements of the Share Options granted under the 2017 Share Option Scheme during FY2024 were as follows:

	Outstanding at beginning of the Year	Exercised during the Year	Lapsed or cancelled during the Year	Granted during the Year	Outstanding at end of the Year
Directors					
Mr. Ma Xiaoming	128,000	—	—	—	128,000
Mr. Meng Jun	102,000	—	—	—	102,000
Mr. Zhang Yumin	107,000	—	—	—	107,000
Mr. Liu Jun	107,000	—	—	—	107,000
Mr. He Xiaolu	96,000	—	—	—	96,000
Mr. Jiang Wei	38,000	—	—	—	38,000
Employees	12,040,000	—	(532,000)	—	11,508,000
Total	12,618,000	—	(532,000)	—	12,086,000

Save as disclosed above, none of the Grantees of the Shares Options is a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates.

The grant of Share Options to each of the above Directors has been approved by all the independent non-executive Directors.

The fair value of equity-settled Share Options granted during 2018 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the Share Options were granted. The following table lists the inputs to the model used:

	FY2018
Dividend yield (%)	4.43
Expected volatility (%)	60.46
Historical volatility (%)	60.46
Risk-free interest rate (%)	2.09
Expected life of options (year)	10
Weighted average share price (HK$ per Share)	3.45

Subject to the following vesting dates, any Share Options granted under the 2017 Share Option Scheme may be exercisable at any time commencing on the first date of the exercisable period and prior to the expiry of 10 years from that grant date:

	Grant date	Exercisable period
Directors		
Mr. Ma Xiaoming	14 August 2018	128,000 Share Options: from 30 April 2022 to 13 August 2028
Mr. Meng Jun	14 August 2018	102,000 Share Options: from 30 April 2022 to 13 August 2028
Mr. Zhang Yumin	14 August 2018	107,000 Share Options: from 30 April 2022 to 13 August 2028
Mr. Liu Jun	14 August 2018	107,000 Share Options: from 30 April 2022 to 13 August 2028
Mr. He Xiaolu	14 August 2018	96,000 Share Options: from 30 April 2022 to 13 August 2028
Mr. Jiang Wei	14 August 2018	38,000 Share Options: from 30 April 2022 to 13 August 2028
Employees	14 August 2018	11,508,000 Share Options: from 30 April 2022 to 13 August 2028

During FY2024, 532,000 Share Options lapsed. No Share Options have been granted or exercised during FY2024. The number of outstanding Share Options as at 31 December 2024 was 12,086,000, representing approximately 1.21% of the total number of issued Shares (excluding treasury shares, if any) as at the date of this annual report. As at 31 December 2024, the remaining life of the 2017 Share Option Scheme was approximately two years and five months.

Details of the 2017 Share Option Scheme are set out in note 28 to the financial statements.

Under the amended Chapter 17 of the Listing Rules, which has come into effect on 1 January 2023, the Company will rely on the transitional arrangements provided for the existing 2017 Share Option Scheme and will only grant Share Options in compliance with the amended Chapter 17 of the Listing Rules (to the extent applicable).

As at the date of this annual report, the total number of Shares available for issue under the 2017 Share Option Scheme is 100,000,000, representing 9.97% of the total number of issued Shares (excluding treasury shares, if any). As at the beginning and the end of FY2024, the total numbers of Share Options available for grant under the 2017 Share Options Scheme was 87,382,000 and 87,914,000 respectively.

2025 SHARE OPTION SCHEME AND 2025 SHARE AWARD SCHEME

On 14 February 2025, the Board resolved to propose to the Shareholders to adopt, at the extraordinary general meeting of the Company to be convened (the "**EGM**"), each of the 2025 Share Option Scheme and the 2025 Share Award Scheme. The adoption of the 2025 Share Option Scheme and the 2025 Share Award Scheme (if so adopted), will allow the Company to (i) provide incentives to Directors and employees of the Group to contribute to the Group and attract and retain talents; and (ii) implement the 2025 Share Option Scheme and the 2025 Share Award Scheme that align with the current provisions of the Chapter 17 of the Listing Rules, which will provide the Company with more flexibility in granting share options or share awards to eligible participants in the future.

Each of the 2025 Share Option Scheme and the 2025 Share Award Scheme, if adopted, will constitute a share scheme involving the grant of new Shares under Chapter 17 of the Listing Rules. Pursuant to Rule 17.02(1)(a) of the Listing Rules, the adoption of each of the 2025 Share Option Scheme and the 2025 Share Award Scheme will be subject to, among others, the approval of the Shareholders at the EGM.

The Board will convene the EGM for the purposes of considering and (if thought fit) approving, among others, the proposed adoption of each of the 2025 Share Option Scheme and the 2025 Share Award Scheme. A circular containing, among other matters, (i) details of the proposed adoption of the 2025 Share Option Scheme and the 2025 Share Award Scheme; and (ii) a notice convening the EGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

For details, please refer to the announcement of the Company published on 14 February 2025.

AUDITORS

The consolidated financial statements of the Group for FY2024 have been audited by Ernst & Young.

There is no change in the auditor of the Company for the preceding three years.

MEMORANDUM AND ARTICLES OF ASSOCIATION

During FY2024, the Articles has been amended for the purposes of, among others, conforming with the arrangement of electronic dissemination of corporate communications as set out in Rule 2.07A of the Listing Rules effective from 31 December 2023. Other minor amendments were also made for corresponding as well as housekeeping changes. The amendments were approved by way of a special resolution at the AGM held on 4 June 2024 and the new Articles has been adopted on 4 June 2024. Save for the above, there was no other significant change in the constitutional documents of the Company during FY2024. An up-to-date version of the memorandum of association of the Company and the Articles is available on the websites of the Stock Exchange and the Company.

EVENTS AFTER THE REPORTING PERIOD

Save for the proposed adoption of the 2025 Share Option Scheme and the 2025 Share Award Scheme as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2024.

On behalf of the Board

MA Xiaoming
Chairman

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

EY 安永

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To the shareholders of Xin Point Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xin Point Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 56 to 122, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit losses on trade receivables	
As at 31 December 2024, trade receivables amounted to RMB692,333,000, representing 16% of total assets. Significant management judgement and estimation were required in assessing the expected credit losses ("ECLs") for the trade receivables using a provision matrix, with reference to the ageing of the balance, existence of disputes, recent historical payment patterns, forecast economic conditions and any other available information concerning the creditworthiness of customers. The significant accounting judgements and estimates and disclosure of the balance of trade receivables are included in notes 3 and 22 to the consolidated financial statements, respectively.	We tested, on a sample basis, the ageing analysis of the Group's trade receivable balances and obtained confirmations for selected trade receivables. We also checked the mathematical accuracy of the calculation of the provision for loss allowance. With the assistance of our internal specialist, we evaluated management's assumptions used to determine the ECLs by testing the historical default rates and assessing the repayment history of the debtors as well as the forward-looking factors with reference to the related publicly available information such as industrial data available online.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chung Chi Ming.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**3,207,650**	3,102,923
Cost of sales		**(2,044,519)**	(1,999,925)
Gross profit		**1,163,131**	1,102,998
Other income and gains	5	**50,198**	120,815
Selling and distribution expenses		**(85,869)**	(90,475)
Administrative expenses		**(408,117)**	(370,794)
Finance costs	7	**(4,945)**	(8,948)
Share of profit of an associate		**851**	755
Share of loss of a joint venture		**(3,807)**	(4,875)
PROFIT BEFORE TAX	6	**711,442**	749,476
Income tax expense	10	**(149,799)**	(144,759)
PROFIT FOR THE YEAR		**561,643**	604,717
Attributable to:			
Owners of the parent		**563,454**	607,394
Non-controlling interests		**(1,811)**	(2,677)
		561,643	604,717
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(139,184)**	167,798
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of a financial asset at fair value through other comprehensive income		**630**	(4,546)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(138,554)**	163,252
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**423,089**	767,969
Attributable to:			
Owners of the parent		**424,900**	770,646
Non-controlling interests		**(1,811)**	(2,677)
		423,089	767,969
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
– Basic		**RMB56 cents**	RMB61 cents
– Diluted		**RMB56 cents**	RMB61 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,711,199**	1,722,959
Right-of-use assets	14(a)	**95,955**	129,394
Intangible asset	15	**—**	—
Investment in an associate	16	**8,481**	7,630
Investment in a joint venture	17	**488**	295
Financial asset at fair value through other comprehensive income	18	**4,508**	3,753
Prepayments and deposits	19	**188,464**	272,446
Deferred tax assets	20	**13,674**	4,504
Total non-current assets		**2,022,769**	2,140,981
CURRENT ASSETS			
Inventories	21	**556,068**	598,254
Trade and bills receivables	22	**716,839**	761,835
Prepayments, deposits and other receivables	19	**268,220**	262,195
Tax recoverable		**5,577**	1,889
Cash and bank balances	23	**780,876**	667,162
Total current assets		**2,327,580**	2,291,335
CURRENT LIABILITIES			
Trade payables	24	**392,208**	397,653
Other payables and accruals	25	**257,160**	268,479
Interest-bearing bank borrowing	26	**52,897**	—
Lease liabilities	14(b)	**28,443**	29,455
Tax payable		**97,647**	123,828
Total current liabilities		**828,355**	819,415
NET CURRENT ASSETS		**1,499,225**	1,471,920
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,521,994**	3,612,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing	26	—	70,533
Deferred tax liabilities	20	15	39
Lease liabilities	14(b)	39,869	67,071
Total non-current liabilities		39,884	137,643
Net assets		3,482,110	3,475,258
EQUITY			
Equity attributable to owners of the parent			
Issued capital	27	87,485	87,485
Reserves	29	3,400,934	3,392,271
		3,488,419	3,479,756
Non-controlling interests		(6,309)	(4,498)
Total equity		3,482,110	3,475,258

MA Xiaoming
Director

MENG Jun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the parent										
	Notes	Issued capital RMB'000	Share option reserve RMB'000	Fair value reserve of a financial asset at fair value through other comprehensive income RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Exchange fluctuation reserve RMB'000	Surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		87,485	20,946	(33,505)	577,892	828	1,510	153,681	2,111,785	2,920,622	(1,821)	2,918,801
Profit for the year		–	–	–	–	–	–	–	607,394	607,394	(2,677)	604,717
Other comprehensive income/(loss) for the year:												
Changes in fair value of a financial asset at fair value through other comprehensive income		–	–	(4,546)	–	–	–	–	–	(4,546)	–	(4,546)
Exchange differences on translation of foreign operations		–	–	–	–	–	167,798	–	–	167,798	–	167,798
Total comprehensive income for the year		–	–	(4,546)	–	–	167,798	–	607,394	770,646	(2,677)	767,969
Equity-settled share option arrangements	28	–	2,347	–	–	–	–	–	–	2,347	–	2,347
Transfer of reserves		–	–	–	–	–	–	27,750	(27,750)	–	–	–
Final 2022 dividend	11	–	–	–	–	–	–	–	(120,248)	(120,248)	–	(120,248)
Interim 2023 dividend	11	–	–	–	–	–	–	–	(93,611)	(93,611)	–	(93,611)
At 31 December 2023 and 1 January 2024		87,485	23,293*	(38,051)*	577,892*	828*	169,308*	181,431*	2,477,570*	3,479,756	(4,498)	3,475,258
Profit for the year		–	–	–	–	–	–	–	563,454	563,454	(1,811)	561,643
Other comprehensive income/(loss) for the year:												
Changes in fair value of a financial asset at fair value through other comprehensive income		–	–	630	–	–	–	–	–	630	–	630
Exchange differences on translation of foreign operations		–	–	–	–	–	(139,184)	–	–	(139,184)	–	(139,184)
Total comprehensive income for the year		–	–	630	–	–	(139,184)	–	563,454	424,900	(1,811)	423,089
Transfer of reserves		–	–	–	–	–	–	6,226	(6,226)	–	–	–
Final 2023 dividend	11	–	–	–	–	–	–	–	(233,364)	(233,364)	–	(233,364)
Interim 2024 dividend	11	–	–	–	–	–	–	–	(182,873)	(182,873)	–	(182,873)
Transfer of share option reserve upon the forfeiture of share options		–	(2,281)	–	–	–	–	–	2,281	–	–	–
At 31 December 2024		87,485	21,012*	(37,421)*	577,892*	828*	30,124*	187,657*	2,620,842*	3,488,419	(6,309)	3,482,110

* These reserve accounts comprise the consolidated reserves of RMB3,400,934,000 (2023: RMB3,392,271,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**711,442**	749,476
Adjustments for:			
Finance costs	7	**4,945**	8,948
Depreciation of property, plant and equipment	6	**201,527**	190,238
Depreciation of right-of-use assets	6	**36,199**	34,818
Impairment/(reversal of impairment) of trade receivables	6	**4,580**	(302)
Gains on lease modifications	6	**—**	(366)
Impairment of items of property, plant and equipment	6	**—**	11,307
Write-off of items of property, plant and equipment	6	**4,414**	147
Write-down of inventories to net realisable value	6	**896**	552
Loss/(gain) on disposal of items of property, plant and equipment, net	6	**(2,937)**	2,637
Share of profit of an associate		**(851)**	(755)
Share of loss of a joint venture		**3,807**	4,875
Interest income	5	**(20,066)**	(11,121)
Equity-settled share option expense	6	**—**	2,347
		943,956	992,801
Decrease in inventories		**28,003**	20,211
Decrease in trade and bills receivables		**34,640**	44,913
Increase in prepayments, deposits and other receivables		**(3,841)**	(32,957)
Increase/(decrease) in trade payables		**4,578**	(3,078)
Increase/(decrease) in other payables and accruals		**(8,948)**	7,568
Cash generated from operations		**998,388**	1,029,458
Interest received		**20,066**	11,121
Interest paid		**(3,834)**	(5,429)
Taxes paid		**(188,038)**	(137,603)
Tax refunded		**366**	51
Net cash flows from operating activities		**826,948**	897,598
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(209,992)**	(196,858)
Additions to deposits paid for property, plant and equipment		**(46,814)**	(65,269)
Proceeds from disposal of items of property, plant and equipment		**7,515**	3,926
Investment in a joint venture		**(4,000)**	(3,700)
Placement of a time deposit with original maturity of more than three months when acquired		**(10,000)**	—
Net cash flows used in investing activities		**(263,291)**	(261,901)

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**(15,570)**	(74,803)
Principal portion of lease payments		**(30,982)**	(33,036)
Interest paid		**(1,111)**	(3,519)
Dividends paid		**(416,237)**	(213,859)
Net cash flows used in financing activities		**(463,900)**	(325,217)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**99,757**	310,480
Cash and cash equivalents at the beginning of year		**667,162**	341,535
Effect of foreign exchange rate changes, net		**3,957**	15,147
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	23	**770,876**	667,162
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of cash flows		**770,876**	667,162
Non-pledged time deposit with original maturity of more than three months when acquired		**10,000**	—
Cash and bank balances as stated in the statement of financial position	23	**780,876**	667,162

1. CORPORATE AND GROUP INFORMATION

Xin Point Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of automotive and electronic components.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xin Point Corporation	British Virgin Islands ("BVI")/ Hong Kong	US$100,000	100	—	Investment holding
Keen Point Limited	BVI/Hong Kong	US$10,000	—	100	Trading of automotive and electronic components
Xin Point North America Inc.	United States ("US")	US$30,000	—	100	Trading of automotive and electronic components
Jinxin Industry Ltd.	BVI/Hong Kong	US$50,000	—	100	Investment holding
Keen Point (Europe) Inc.	BVI/Hong Kong	US$10,000	—	100	Investment holding
Keen Point (Europe) GmbH.	Germany	EUR25,000	—	100	Trading of automotive products
Huizhou Keen Point Precision Plastic Co., Ltd.^	PRC/Mainland China	HK$110,000,000	—	100	Manufacture and sale of automotive and electronic products

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries **(continued)**

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Huizhou Keen Point Electronics Co., Ltd.^	PRC/Mainland China	HK$10,000,000	—	100	Manufacture and sale of automotive and electronic components
Tianjin Jinxin Precision Plastic Components Co., Ltd.^	PRC/Mainland China	US$4,600,000	—	100	Manufacture and sale of automotive and electronic components
Wuxi Jinxin Surface Decoration Co., Ltd. ^	PRC/Mainland China	US$3,000,000	—	100	Manufacture and sale of automotive and electronic components
Huizhou Xin Point Surface Decoration Co., Ltd.^	PRC/Mainland China	RMB30,000,000	—	100	Manufacture and sale of automotive and electronic components
Huizhou Haoyu Technology Co., Ltd.^	PRC/Mainland China	RMB1,000,000	—	100	Trading of automotive and electronic products
Wuxi Keen Point Electronics Co., Ltd.^	PRC/Mainland China	RMB59,677,639	—	100	Manufacture and sale of automotive and electronic components
Shanghai Xinyu Import & Export Trading Co., Ltd.^	PRC/Mainland China	RMB1,000,000	—	100	Trading of automotive and electronic components

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries **(continued)**

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wuxi Keen Point Automobile Precision Molding Co., Ltd.^	PRC/Mainland China	US$20,000,000	—	100	Trading of automotive and electronic components
Huizhou Xin Point Precision Components Co., Ltd.^	PRC/Mainland China	RMB170,000,000	—	100	Trading of automotive and electronic components
Huizhou Keen Point Surface Decoration Co., Ltd.^	PRC/Mainland China	RMB10,000,000	—	100	Manufacture and sale of automotive and electronic components
Huizhou Xinsheng Technology Co., Ltd.^	PRC/Mainland China	RMB 5,000,000	—	100	Manufacture and sale of automotive and electronic components
Xin Point Mexico S.DE R.L. DE C.V.^	Mexico	US$34,000,000	—	100	Manufacture and sale of automotive and electronic components
Time Glory Trading Limited	Hong Kong	HK$100	—	100	Trading of automotive and electronic components
Xin Point Middle East Co. DMCC	United Arab Emirates	AED50,000	—	100	Trading of automotive and electronic components

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries **(continued)**

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changzhou Xinsheng Automobile Components Co., Ltd.^	PRC/Mainland China	US$66,500,000	—	100	Manufacture and sale of automotive and electronic components
New Spring Limited	Hong Kong	HK$1,000,000	—	95	Investment holding
Huizhou Xinsheng Composites Technology Co., Ltd.^	PRC/Mainland China	RMB5,000,000	—	100	Research and development of carbon fiber materials
Huizhou Ronai Technology Co., Ltd.#	PRC/Mainland China	RMB1,000,000	—	51	Research and development of flexible copper clad laminate

^ Registered as a wholly-foreign-owned enterprise under PRC law
# Registered as a limited liability company under PRC law

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through other comprehensive income which has been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time in the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects of these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in an associate and a joint venture

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in an associate and a joint venture **(continued)**

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

***Business combinations and goodwill* (continued)**

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Freehold land	Not depreciated
Buildings	4.5% to 8% or over the lease terms, whichever rate is higher
Leasehold improvements	20% or over the lease terms, whichever rate is higher
Plant and machinery	5% to 33.3%
Furniture, fixtures and equipment	5% to 33.3%
Motor vehicles	10% to 25%
Computer equipment	10% to 33.3%

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

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

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Customer relationship

Customer relationship is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 5 years.

Leases

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

Group as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

***Leases* (continued)**

(a) Right-of-use assets

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

Leasehold land	50 years
Properties	2 to 10 years
Equipment	4 years

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

(b) Lease liabilities

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

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

(c) Short-term leases

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

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

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach

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

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

The Group generally considers a financial asset (other than a trade receivable) in default for the general approach when contractual payments are 90 days past due. However, the Group may rebut the 90 days past due presumption of default for a particular financial instrument based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of that financial instrument. Moreover, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

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

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax **(continued)**

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

Sale of industrial products

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

Some contracts for the sale of industrial products provide customers with rights of return. The rights of return give rise to variable consideration.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China and Mexico are required to participate in central pension schemes operated by the local governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

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

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

Write-down of inventories to net realisable value

Management reviews the condition of inventories of the Group and writes down the carrying amounts of obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use to their respective net realisable values. The Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions at the end of each of the reporting periods.

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been made. The carrying amount of inventories at 31 December 2024 was RMB556,068,000 (2023: RMB598,254,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Leases — estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of automotive and electronic components. For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resource are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
China	1,147,391	1,115,290
North America	1,533,273	1,457,226
Europe	349,145	419,303
Other countries	177,841	111,104
Total revenue	3,207,650	3,102,923

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

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information **(continued)**

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
China	**1,134,452**	1,128,187
Other countries	**870,135**	1,004,537
Total non-current assets	**2,004,587**	2,132,724

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

Information about a major customer

There were no sales to a single customer contributing over 10% of the total revenue of the Group in both years.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	**3,207,650**	3,102,923

(i) Disaggregated revenue information

The Group's entire revenue from the goods transferred is recognised at a point in time.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	**3,665**	2,038

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers **(continued)**

(ii) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 120 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	**20,066**	11,121
Government subsidies*	**14,380**	2,346
Sale of scraps	**10,590**	11,288
Sale of raw materials	**566**	314
Sale of samples	**1,076**	75
Testing fee income	**749**	2,107
Others	**2,771**	16,830
	50,198	44,081
Gains		
Exchange gains	**—**	76,734
	50,198	120,815

* There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold@		2,044,519	1,999,925
Write-down of inventories to net realisable value@		896	552
Depreciation of property, plant and equipment	13	201,527	190,238
Depreciation of right-of-use assets	14(a)	36,199	34,818
Lease payments not included in the measurement of lease liabilities		16,823	15,992
Gains on lease modifications		—	(366)
Impairment/(reversal of impairment) of trade receivables	22	4,580	(302)
Impairment of items of property, plant and equipment	13	—	11,307
Research and development costs#		73,031	76,234
Auditor's remuneration		3,608	4,198
Employee benefit expense@ (including directors' and chief executive's remuneration (note 8))			
Wages and salaries		659,296	641,481
Equity-settled share option expense	28	—	2,347
Pension scheme contributions**		65,574	67,283
		724,870	711,111
Write-off of items of property, plant and equipment*		4,414	147
Loss/(gain) on disposal of items of property, plant and equipment, net*		(2,937)	2,637
Foreign exchange differences, net*		30,482	(76,734)

* These gains are included in "Other income and gains" and the losses are included in "Administrative expenses", as appropriate, in the consolidated statement of profit or loss and other comprehensive income.

@ Part of the employee benefit expense is included in "Cost of inventories sold" in the consolidated statement of profit or loss and other comprehensive income.

Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on:		
Bank loans	**1,111**	3,519
Lease liabilities	**3,834**	5,429
	4,945	8,948

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**1,553**	1,547
Other emoluments:		
Salaries, allowances and benefits in kind	**8,043**	6,348
Performance related bonuses	**6,279**	6,284
Equity-settled share option expense	**—**	173
Pension scheme contributions	**108**	131
	14,430	12,936
	15,983	14,483

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Cao Lixin	**111**	109
Gan Weimin	**110**	108
Tang Chi Wai	**132**	130
	353	347

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024						
Executive directors:						
Ma Xiaoming	**360**	**1,519**	**—**	**—**	**17**	**1,896**
He Xiaolu	**120**	**969**	**674**	**—**	**17**	**1,780**
Meng Jun	**120**	**2,315**	**2,131**	**—**	**17**	**4,583**
Zhang Yumin	**240**	**1,034**	**2,460**	**—**	**17**	**3,751**
Liu Jun	**240**	**1,922**	**960**	**—**	**25**	**3,147**
Jiang Wei	**120**	**284**	**54**	**—**	**15**	**473**
	1,200	**8,043**	**6,279**	**—**	**108**	**15,630**
2023						
Executive directors:						
Ma Xiaoming	360	1,300	1,325	38	16	3,039
He Xiaolu	120	1,079	948	29	16	2,192
Meng Jun	120	1,555	2,043	31	16	3,765
Zhang Yumin	240	1,034	960	32	22	2,288
Liu Jun	240	1,112	960	32	24	2,368
Jiang Wei	120	268	48	11	37	484
	1,200	6,348	6,284	173	131	14,136

During the years ended 31 December 2024 and 2023, no remunerations were paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2023: five) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2023: Nil) highest paid employee who is neither a director nor the chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	1,693	—
Performance related bonuses	482	—
Pension scheme contributions	36	—
	2,211	—

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

	Number of employees	
	2024	2023
HK$2,000,001 – HK$2,500,000	1	—

The non-director and non-chief executive highest paid employee is also a member of senior management of the Group. During the year, no remuneration was paid by the Group to the highest paid non-director or non-chief executive individual as an inducement to join or upon joining the Group, or as a compensation for loss of office (2023: Nil).

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, except for two subsidiaries of the Group qualified as a High and New Technology Enterprise in Mainland China has a lower corporate income tax rate of 15% (2023: 15%) applied for the year.

	2024 RMB'000	2023 RMB'000
Current:		
Charge for the year		
Hong Kong	**48,530**	54,360
Elsewhere	**117,620**	85,126
Underprovision/(overprovision) in prior years	**(7,157)**	5,196
Deferred	**(9,194)**	77
Total tax charge for the year	**149,799**	144,759

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2024		2023	
	RMB'000	%	RMB'000	%
Profit before tax	**711,442**		749,476	
Tax at the statutory tax rate	**177,861**	**25.0**	187,369	25.0
Effect of different tax rates in other jurisdictions	**(7,970)**	**(1.1)**	(59,964)	(8.0)
Adjustments in respect of current tax of previous periods	**(7,157)**	**(1.0)**	5,196	0.7
Super-deduction of eligible research and development expenditures	**(7,115)**	**(1.0)**	(12,900)	(1.7)
Loss attributable to an associate and a joint venture	**739**	**0.1**	1,030	0.1
Income not subject to tax	**(2,518)**	**(0.4)**	(1,402)	(0.2)
Expenses not deductible for tax	**10,512**	**1.5**	17,348	2.3
Tax losses utilised from previous periods	**(23,507)**	**(3.3)**	(12,308)	(1.6)
Tax losses not recognised	**12,678**	**1.8**	21,616	2.9
Others	**(3,724)**	**(0.5)**	(1,226)	(0.2)
Tax charge at the Group's effective rate	**149,799**	**21.1**	144,759	19.3

11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Interim – HK$0.20 (2023: HK$0.10) per ordinary share	182,873	93,611
Proposed final HK$0.30 (2023: HK$0.25) per ordinary share	280,803	233,364
	463,676	326,975

A final dividend of HK$0.30 per share amounting to approximately RMB280,803,000 in respect of the year ended 31 December 2024 (2023: HK$0.25 per share amounting to approximately RMB233,364,000) has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

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

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of shares outstanding during the years ended 31 December 2024 and 2023.

	2024 RMB'000	2023 RMB'000
Profit for the year attributable the ordinary equity holders of the parent for the purpose of basic and diluted earnings per share calculation	563,454	607,394

	2024 Number of shares	2023 Number of shares
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation	1,002,905,000	1,002,905,000

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Computer equipment RMB'000	Total RMB'000
At 1 January 2023, net of accumulated depreciation and impairment	28,805	374,455	15,913	679,586	18,528	4,913	459,201	9,991	1,591,392
Additions	–	4,219	22,258	105,227	2,281	1,776	112,637	6,333	254,731
Transfers	–	117,248	–	231,974	–	–	(349,222)	–	–
Depreciation provided during the year	–	(25,011)	(12,308)	(143,025)	(5,004)	(1,911)	–	(2,979)	(190,238)
Disposals/write-off	–	(3)	(4,065)	(427)	(1,793)	(150)	–	(272)	(6,710)
Impairment	–	(3,156)	(3,885)	(1,996)	(2,270)	–	–	–	(11,307)
Exchange realignment	1,843	16,518	10	30,737	333	261	35,303	86	85,091
At 31 December 2023	30,648	484,270	17,923	902,076	12,075	4,889	257,919	13,159	1,722,959
At 31 December 2023 and 1 January 2024, net of accumulated depreciation and impairment,	**30,648**	**484,270**	**17,923**	**902,076**	**12,075**	**4,889**	**257,919**	**13,159**	**1,722,959**
Additions	**19,430**	**16**	**9,843**	**37,591**	**3,022**	**3,683**	**139,796**	**1,943**	**215,324**
Transfers	**–**	**10**	**–**	**94,313**	**–**	**–**	**(94,323)**	**–**	**–**
Depreciation provided during the year	**–**	**(31,645)**	**(9,641)**	**(154,190)**	**(2,990)**	**(686)**	**–**	**(2,375)**	**(201,527)**
Disposals/write-off	**–**	**(1,581)**	**(359)**	**(2,867)**	**(154)**	**(308)**	**–**	**(3,723)**	**(8,992)**
Exchange realignment	**(2,661)**	**(1,912)**	**(15)**	**(7,337)**	**(272)**	**(281)**	**(4,081)**	**(6)**	**(16,565)**
At 31 December 2024	**47,417**	**449,158**	**17,751**	**869,586**	**11,681**	**7,297**	**299,311**	**8,998**	**1,711,199**

	Freehold land RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Computer equipment RMB'000	Total RMB'000
At 31 December 2023:									
Cost	30,648	632,000	154,418	1,529,921	53,935	21,410	257,919	32,473	2,712,724
Accumulated depreciation and impairment	–	(147,730)	(136,495)	(627,845)	(41,860)	(16,521)	–	(19,314)	(989,765)
Net carrying amount	30,648	484,270	17,923	902,076	12,075	4,889	257,919	13,159	1,722,959
At 31 December 2024:									
Cost	47,417	620,670	163,330	1,599,006	47,152	20,056	299,311	29,201	2,826,143
Accumulated depreciation and impairment	–	(171,512)	(145,579)	(729,420)	(35,471)	(12,759)	–	(20,203)	(1,114,944)
Net carrying amount	47,417	449,158	17,751	869,586	11,681	7,297	299,311	8,998	1,711,199

During the year ended 31 December 2023, the Group recognised an impairment loss of RMB11,307,000 on certain items of property, plant and equipment as management assessed that these items were no longer suitable for the production and the recoverable amounts of these items of property, plant and equipment were assessed based on fair value less costs of disposal.

14. LEASES

The Group as a lessee

The Group has lease contracts for various properties and equipment. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years (2023: 50 years), and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 2 and 10 years (2023: 2 and 10 years), while equipment generally has lease terms of 4 years (2023: 3 and 4 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Properties RMB'000	Equipment RMB'000	Total RMB'000
At 1 January 2023	43,798	118,665	1,643	164,106
Additions	—	8,330	—	8,330
Depreciation change	(1,093)	(33,459)	(266)	(34,818)
Early termination	—	(8,070)	(268)	(8,338)
Exchange realignment	—	114	—	114
At 31 December 2023 and 1 January 2024	42,705	85,580	1,109	129,394
Additions	**—**	**2,723**	**—**	**2,723**
Depreciation charge	**(5,856)**	**(30,165)**	**(178)**	**(36,199)**
Exchange realignment	**—**	**37**	**—**	**37**
At 31 December 2024	**36,849**	**58,175**	**931**	**95,955**

At 31 December 2024, certain of the Group's right-of-use assets with a net carrying amount of approximately RMB12,806,000 (2023: RMB13,446,000) were pledged to secure a bank loan of RMB52,897,000 (2023: RMB70,533,000) granted to the Group (note 26).

14. LEASES (CONTINUED)

***The Group as a lessee* (continued)**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**96,526**	129,808
New leases	**2,723**	8,330
Accretion of interest recognised during the year	**3,834**	5,429
Payments	**(34,816)**	(38,465)
Derecognition	**—**	(8,704)
Exchange realignment	**45**	128
Carrying amount at 31 December	**68,312**	96,526
Analysed into:		
Current portion	**28,443**	29,455
Non-current portion	**39,869**	67,071
Lease liabilities repayable:		
Within one year	**28,443**	29,455
In the second year	**29,191**	55,144
In the third to fifth years, inclusive	**10,503**	11,400
Beyond five year	**175**	527
Carrying amount at 31 December	**68,312**	96,526

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**3,834**	5,429
Depreciation charge of right-of-use assets	**36,199**	34,818
Expense relating to short-term leases (included in administrative expenses)	**16,823**	15,992
Gain on lease modification	**—**	(366)
Total amount recognised in profit or loss	**56,856**	55,873

(d) The total cash outflow for leases is disclosed in note 30(b) to the financial statements.

15. INTANGIBLE ASSET

	Customer relationship RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024:	
Cost	3,352
Accumulated amortisation	(3,352)
Net carrying amount	—

16. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	**8,481**	7,630

Particulars of the associate are as follows:

Name	Particulars of registered capital	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Wuxi Jinxin Precision Mould Company Limited	RMB2,000,000	PRC/ Mainland China	30	Manufacture and sale of automotive and electronic products

Wuxi Jinxin Precision Mould Company Limited is a strategic partner of the Group engaged in the manufacture and sale of automotive and electronic products and is accounted for using the equity method.

The following table illustrates the financial information of the Group's associate:

	2024 RMB'000	2023 RMB'000
Share of the associate's profit for the year	**851**	755
Share of the associate's total comprehensive income for the year	**851**	755
Aggregate carrying amount of the Group's investment in the associate	**8,481**	7,630

17. INVESTMENT IN A JOINT VENTURE

	2024 RMB'000	2023 RMB'000
Share of net assets	—	—
Loans to a joint venture	488	295
	488	295

The loans to a joint venture as at 31 December 2024 and 2023 were unsecured and interest-free. In the opinion of the directors, the loans were considered as part of the Group's net investment in a joint venture. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

Particulars of the Group's joint venture are as follows:

Name	Place of registration and business	Registered capital	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
萬信車聯科技(深圳)有限公司	PRC/ Mainland China	HK$100,000,000	49	49	49	Development of automotive software and information technology

The above investment is indirectly held by the Company.

The following table illustrates the financial information of the Group's joint venture:

	2024 RMB'000	2023 RMB'000
Share of the joint venture's loss for the year	(3,807)	(4,875)
Share of the joint venture's total comprehensive loss for the year	(3,807)	(4,875)
Aggregate carrying amount of the Group's investment in the joint venture	488	295

18. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Listed equity investment, at fair value	4,508	3,753

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	**257,467**	411,267
Deposits and other receivables	**199,217**	123,374
	456,684	534,641
Non-current portion	**(188,464)**	(272,446)
Current portion	**268,220**	262,195

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

20. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Right-of-use assets RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Total RMB'000
At 1 January 2023	20,345	184	20,529
Deferred tax credited to profit or loss during the year (note 10)	(8,247)	(145)	(8,392)
At 31 December 2023 and at 1 January 2024	**12,098**	**39**	**12,137**
Deferred tax credited to profit or loss during the year (note 10)	**(6,851)**	**(24)**	**(6,875)**
Gross deferred tax liabilities at 31 December 2024	**5,247**	**15**	**5,262**

Deferred tax assets

	Lease liabilities RMB'000	Unrealised profits on inventories RMB'000	Other deductible temporary differences RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	22,356	1,003	1,539	173	25,071
Deferred tax charged to profit or loss during the year (note 10)	(8,159)	(235)	(75)	—	(8,469)
At 31 December 2023 and at 1 January 2024	**14,197**	**768**	**1,464**	**173**	**16,602**
Deferred tax credited/(charged) to profit or loss during the year (note 10)	**(7,003)**	**8,555**	**924**	**(157)**	**2,319**
Gross deferred tax assets at 31 December 2024	**7,194**	**9,323**	**2,388**	**16**	**18,921**

20. DEFERRED TAX (CONTINUED)

Deferred tax assets **(continued)**

Deferred tax assets and liabilities have not been offset for the purpose of presentation in the consolidated statement of financial position as they relate to different tax authorities. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**13,674**	4,504
Deferred tax liabilities	**(15)**	(39)
	13,659	4,465

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

	2024 RMB'000	2023 RMB'000
Tax losses	**188,057**	236,014

The Group had tax losses arising in Mainland China of RMB147,010,000 (2023: RMB143,148,000) that are available for offsetting against future taxable profits of subsidiaries in Mainland China for five years in which the losses arose, in Mexico of RMB11,011,000 (2023: RMB72,510,000) that are available for offsetting against future taxable profits of a subsidiary in Mexico in which the losses arose, in Germany of RMB28,258,000 (2023: RMB20,008,000) and in Malaysia of RMB4,590,000 (2023: RMB1,041,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

The Group is liable to withholding taxes on dividends distributed by those subsidiaries established in China in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of RMB1,634.3 million (2023: RMB1,434.1 million) that are subject to withholding taxes of subsidiaries of the Group established in China. In the opinion of the directors, it is not probable that those subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividend by the subsidiaries to its shareholders.

21. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**149,437**	149,219
Work in progress	**91,343**	135,723
Finished goods	**315,288**	313,312
	556,068	598,254

22. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**693,487**	741,729
Bills receivable	**24,506**	22,946
Impairment	**(1,154)**	(2,840)
	716,839	761,835

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to four months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**311,909**	323,873
1 to 2 months	**222,945**	262,341
2 to 3 months	**126,791**	113,013
Over 3 months	**55,194**	62,608
	716,839	761,835

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
At beginning of year	2,840	4,606
Impairment losses/(reversal of impairment losses), net (note 6)	4,580	(302)
Amount write-off as uncollectable	(6,266)	(1,464)
At end of year	1,154	2,840

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The Group's bills receivable of RMB24,506,000 (2023: RMB22,946,000) at 31 December 2024 are due within 90 days (2023: 90 days) from the date of billing. There was no recent history of default from bills receivable and the Group estimated that the expected loss rate for bills receivable is minimal.

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

As at 31 December 2024

		Past due			
Mainland China	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.11%	0.11%	0.12%	1.68%	0.17%
Gross carrying amount (RMB'000)	245,601	69,920	34,471	13,850	363,842
Expected credit losses (RMB'000)	266	76	42	233	617

		Past due			
Other geographical regions	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.13%	0.09%	0.06%	4.69%	0.16%
Gross carrying amount (RMB'000)	249,084	59,142	18,371	3,048	329,645
Expected credit losses (RMB'000)	330	53	11	143	537

22. TRADE AND BILLS RECEIVABLES (CONTINUED)

As at 31 December 2023

		Past due			
Mainland China	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.27%	0.29%	0.32%	18.9%	0.33%
Gross carrying amount (RMB'000)	308,825	55,205	19,031	1,132	384,193
Expected credit losses (RMB'000)	840	160	60	214	1,274

		Past due			
Other geographical regions	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.27%	0.24%	0.20%	19.55%	0.44%
Gross carrying amount (RMB'000)	293,130	43,504	17,649	3,253	357,536
Expected credit losses (RMB'000)	791	104	35	636	1,566

The Group categorised its customers by making reference to their geographical regions in Mainland China and other geographical regions.

23. CASH AND BANK BALANCES

At 31 December 2024, the Group's cash and bank balances amounted to RMB770,876,000 (2023: RMB667,162,000) and a non-pledged time deposit with original maturity of more than three months when acquired amounted to RMB10,000,000 (2023: Nil).

At 31 December 2024, the Group's cash and bank balances denominated in RMB amounted to RMB162,714,000 (2023: RMB159,934,000). The RMB is not freely convertible into other currencies, however, under China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**215,418**	204,974
1 to 2 months	**73,366**	67,670
2 to 3 months	**14,615**	18,029
Over 3 months	**88,809**	106,980
	392,208	397,653

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

Included in trade payables is an amount due to an associate of RMB8,901,000 (2023: RMB3,745,000), which is unsecured, interest-free and repayable on demand.

25. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Contract liabilities	(a)	**2,645**	3,665
Other payables	(b)	**71,765**	57,009
Accruals		**182,750**	207,805
		257,160	268,479

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Short-term advances received from customers			
Sale of goods	**2,645**	3,665	2,038

Contract liabilities include short-term advances received to deliver industrial products. The decrease in contract liabilities in 2024 was mainly due to the decrease in short-term advances received from customers in relation to the sales of industrial products at the end of the year. The increase in contract liabilities in 2023 was mainly due to the increase in short-term advances received from customers in relation to the sale of industrial products at the end of the prior year.

(b) Other payables are non-interest-bearing and have an average term of three months.

26. INTEREST-BEARING BANK BORROWING

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Secured bank loan	1.8	2025	52,897	—	—	—
Non-current						
Secured bank loan	—	—	—	1.8	2025	70,533
			52,897			70,533

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loan repayable:		
Within one year or on demand	52,897	—
In the second year	—	70,533
	52,897	70,533

Notes:

(a) A bank loan of the Group is secured by certain of the Group's right-of-use assets which had a net carrying amount of approximately RMB12,806,000 (2023: RMB13,446,000) at 31 December 2024 (note 14).

(b) Borrowings of the Group are denominated in EUR (2023: EUR).

27. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Issued and fully paid:		
1,002,905,000 ordinary shares of HK$0.1 each	**87,485**	87,485

There was no movement in the Company's share capital during the year.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 28 to the financial statements.

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Scheme became effective on 5 June 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

28. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At the beginning of the year	**3.45**	**12,618**	3.45	13,843
Forfeited during the year	**3.45**	**(532)**	3.45	(1,225)
At the end of the year	**3.45**	**12,086**	3.45	12,618

No share options were exercised during the year.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024

Number of options '000	Exercise price* HK$ per share	Exercise period
12,086	**3.45**	**30-04-22 to 13-08-28**

2023

Number of options '000	Exercise price* HK$ per share	Exercise period
12,618	3.45	30-04-22 to 13-08-28

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

During the years ended 31 December 2024 and 2023, there was no share option granted. The Group did not recognise any share option expense in 2024 (2023: RMB2,347,000).

28. SHARE OPTION SCHEME (CONTINUED)

At the end of the reporting period, the Company had 12,086,000 share options outstanding under the Scheme which represented approximately 1.21% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 12,086,000 additional ordinary shares of the Company and additional share capital of RMB1,219,000 (before issue expenses).

29. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity on page 59 of the annual report.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,723,000 (2023: RMB8,330,000) and RMB2,723,000 (2023: RMB8,330,000), respectively, in respect of lease arrangements for properties and equipment.

(b) Changes in liabilities arising from financing activities

2024

	Lease liabilities RMB'000	Bank loans RMB'000
As at 1 January 2024	**96,526**	**70,533**
Changes from financing cash flows	**(30,982)**	**(15,570)**
New leases	**2,723**	**—**
Interest expense	**3,834**	**—**
Interest paid classified as operating cash flows	**(3,834)**	**—**
Exchange realignment	**45**	**(2,066)**
As at 31 December 2024	**68,312**	**52,897**

2023

	Lease liabilities RMB'000	Bank loans RMB'000
As at 1 January 2023	129,808	145,861
Changes from financing cash flows	(33,036)	(74,803)
New leases	8,330	—
Derecognition	(8,704)	—
Interest expense	5,429	—
Interest paid classified as operating cash flows	(5,429)	—
Exchange realignment	128	(525)
As at 31 December 2023	96,526	70,533

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**3,834**	5,429
Within financing activities	**30,982**	33,036
	34,816	38,465

31. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 26 to the financial statements.

32. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Plant and equipment	**146,420**	184,547
Capital contributions to a joint venture	**31,201**	31,201
	177,621	215,748

33. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with a related party during the year:

	Notes	2024 RMB'000	2023 RMB'000
Purchase of tooling:			
Wuxi Jinxin Precision Mould Company Limited	(i), (ii)	**21,407**	16,146

Notes:

(i) The transactions were conducted in accordance with the terms and conditions mutually agreed by both parties.

(ii) Wuxi Jinxin Precision Mould Company Limited is an associate of the Group.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Short term employee benefits	22,149	17,403
Post-employment benefits	554	528
Total compensation paid to key management personnel	22,703	17,931

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial asset at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	716,839	716,839
Financial assets included in prepayments, deposits and other receivables	—	44,960	44,960
Financial asset at fair value through other comprehensive income	4,508	—	4,508
Cash and bank balances	—	780,876	780,876
	4,508	1,542,675	1,547,183

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	392,208
Financial liabilities included in other payables and accruals	41,314
Interest-bearing bank borrowing	52,897
Lease liabilities	68,312
	554,731

2023

Financial assets

	Financial asset at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	761,835	761,835
Financial assets included in prepayments, deposits and other receivables	—	24,109	24,109
Financial asset at fair value through other comprehensive income	3,753	—	3,753
Cash and bank balances	—	667,162	667,162
	3,753	1,453,106	1,456,859

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	397,653
Financial liabilities included in other payables and accruals	42,930
Interest-bearing bank borrowing	70,533
Lease liabilities	96,526
	607,642

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's corporate finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance director reports directly to the executive directors and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

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

The fair value of a financial asset at fair value through other comprehensive income is based on quoted market prices.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The fair values of other financial assets and financial liabilities carried at amortised cost approximate to their carrying amounts.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial asset at fair value through other comprehensive income	**4,508**	**—**	**—**	**4,508**

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial asset at fair value through other comprehensive income	3,753	—	—	3,753

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments other than derivatives comprise cash and bank balances and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, financial assets included in prepayment, deposits and other receivables, trade payables and financial liabilities included other payables and accruals.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales by operating units in currencies other than the units' functional currencies. Approximately 66% (2023: 65%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax.

	Change in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
2024		
If RMB weakens against US$	**1**	**18,012**
If RMB strengthens against US$	**(1)**	**(18,012)**
If RMB weakens against EUR	**1**	**3,180**
If RMB strengthens against EUR	**(1)**	**(3,180)**
2023		
If RMB weakens against US$	1	15,459
If RMB strengthens against US$	(1)	(15,459)
If RMB weakens against EUR	1	4,214
If RMB strengthens against EUR	(1)	(4,214)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	693,487	693,487
Bills receivable					
– Not yet past due	24,506	—	—	—	24,506
Financial assets included in prepayments, deposits and other receivables					
– Normal**	44,960	—	—	—	44,960
Cash and bank balances					
– Not yet past due	780,876	—	—	—	780,876
	850,342	—	—	693,487	1,543,829

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	—	—	—	741,729	741,729
Bills receivable					
– Not yet past due	22,946	—	—	—	22,946
Financial assets included in prepayments, deposits and other receivables					
– Normal**	24,109	—	—	—	24,109
Cash and bank balances					
– Not yet past due	667,162	—	—	—	667,162
	714,217	—	—	741,729	1,455,946

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

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

The credit risk of the Group's other financial assets, which comprise cash and bank balances and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

At the end of the reporting period, the Group had certain concentrations of credit risk as 11% (2023: 11%) of the Group's trade and bills receivables were due from the Group's largest customer for the year ended 31 December 2024, respectively. Concentrations of credit risk are managed by establishing credit verification procedures. Management determines that there are minimal concentrations of credit risk within the Group as the customers of the Group's trade and bills receivables are recognised and creditworthy.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 22 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of long term bank loans and projected cash flows from operations.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk **(continued)**

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand or no later than 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
2024				
Trade payables	**392,208**	**—**	**—**	**392,208**
Other payables and accruals	**41,314**	**—**	**—**	**41,314**
Interest-bearing bank borrowing	**53,373**	**—**	**—**	**53,373**
Lease liabilities	**30,741**	**41,144**	**180**	**72,065**
	517,636	**41,144**	**180**	**558,960**
2023				
Trade payables	397,653	—	—	397,653
Other payables and accruals	42,930	—	—	42,930
Interest-bearing bank borrowing	—	72,437	—	72,437
Lease liabilities	32,960	70,512	540	104,012
	473,543	142,949	540	617,032

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt represents interest-bearing bank borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Total debt	**52,897**	70,533
Total equity	**3,482,110**	3,475,258
Gearing ratio	**1.5%**	2.0%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**723**	700
Financial asset at fair value through other comprehensive income	**4,508**	3,753
Total non-current assets	**5,231**	4,453
CURRENT ASSETS		
Deposits and other receivables	**1,390**	1,340
Due from subsidiaries	**1,668,160**	1,642,775
Cash and bank balances	**210,899**	141,190
Total current assets	**1,880,449**	1,785,305
CURRENT LIABILITIES		
Other payables and accruals	**7**	119
Due to subsidiaries	**752,878**	792,890
Interest-bearing bank borrowing	**52,897**	—
Total current liabilities	**805,782**	793,009
NET CURRENT ASSETS	**1,074,667**	992,296
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,079,898**	996,749
NON-CURRENT LIABILITY		
Interest-bearing bank borrowing	**—**	70,533
NET ASSETS	**1,079,898**	926,216
EQUITY		
Issued capital	**87,485**	87,485
Reserves (note)	**992,413**	838,731
Total equity	**1,079,898**	926,216

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

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

	Capital reserve RMB'000	Share option reserve RMB'000	Fair value reserve of a financial asset at fair value through other comprehensive income RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2023	577,892	20,946	(33,505)	111,481	676,814
Total comprehensive income for the year	—	—	(4,546)	377,975	373,429
Equity-settled share option arrangements	—	2,347	—	—	2,347
Final 2022 dividend	—	—	—	(120,248)	(120,248)
Interim 2023 dividend	—	—	—	(93,611)	(93,611)
At 1 January 2024	577,892	23,293	(38,051)	275,597	838,731
Total comprehensive income for the year	—	—	630	569,289	569,919
Final 2023 dividend	—	—	—	(233,364)	(233,364)
Interim 2024 dividend	—	—	—	(182,873)	(182,873)
Transfer of share option reserve upon the forfeiture of share options	—	(2,281)	—	2,281	—
At 31 December 2024	**577,892**	**21,012**	**(37,421)**	**430,930**	**992,413**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.