



# 2024

## Annual Report

### **Haitian International Holdings Limited**

(Incorporated in the Cayman Islands With Limited Liability)  
Stock Code: 1882



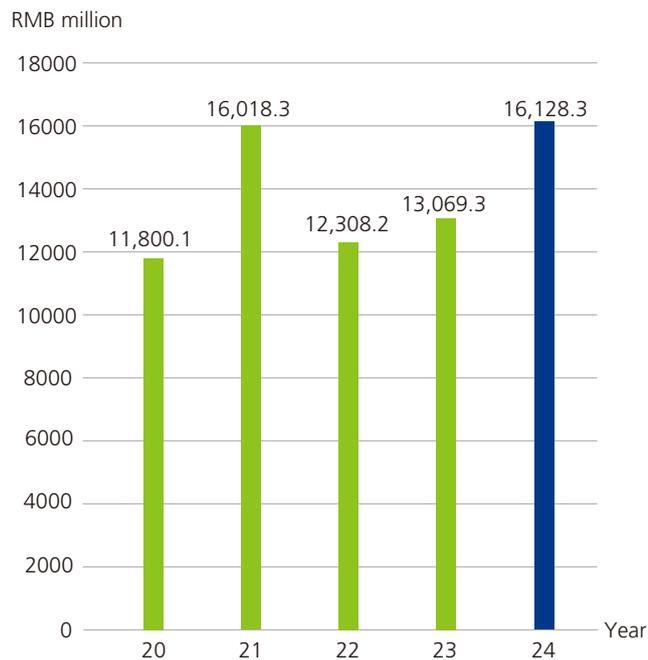
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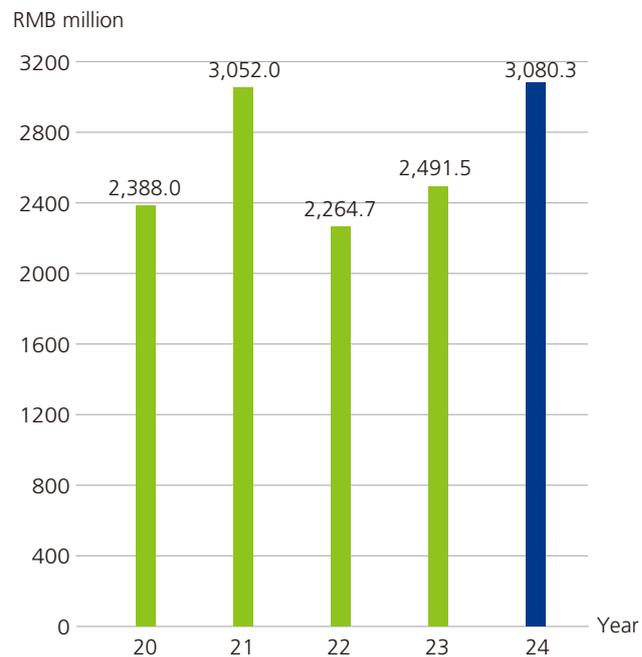


# Financial Highlights

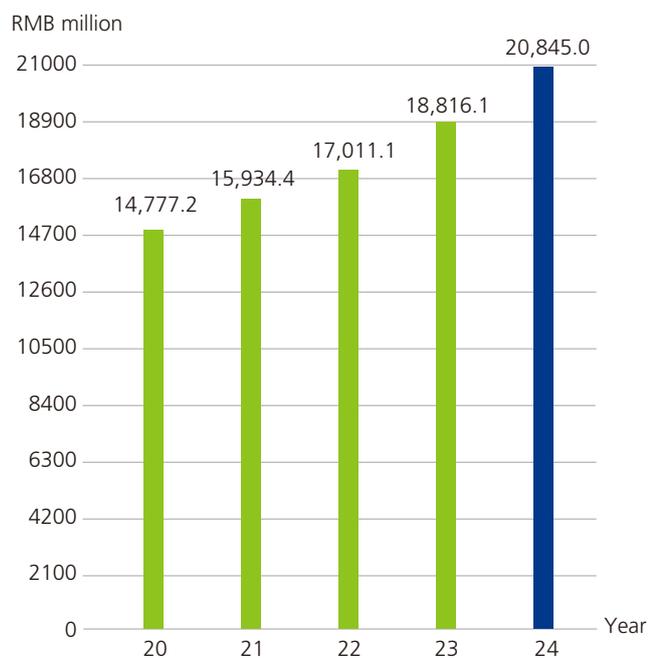
## Revenue



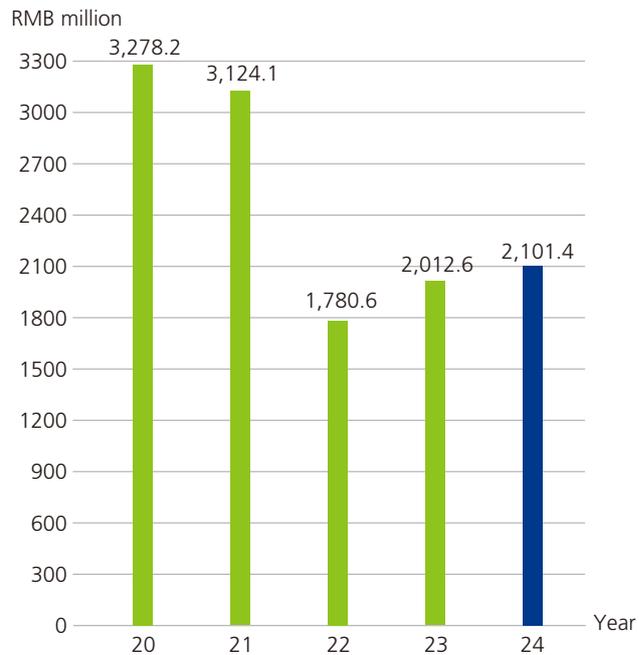
## Profit attributable to the shareholders of the Company



## Capital and reserves attributable to shareholders of the Company



## Net cash generated from operating activities



# Company Profile and Corporate Information

## Executive Directors

Mr. ZHANG Jianming (*Chairman*)  
Mr. ZHANG Bin (*Chief Executive Officer*)  
Mr. ZHANG Jianfeng  
Mr. CHEN Weiqun  
Ms. CHEN Lu

## Non-Executive Directors

Mr. GUO Mingguang  
Mr. LIU Jianbo

## Independent Non-Executive Directors

Mr. LOU Baijun  
Mr. GUO Yonghui  
Ms. YU Junxian  
Mr. LO Chi Chiu

## Audit Committee

Mr. LOU Baijun (*Chairman*)  
Mr. GUO Yonghui  
Ms. YU Junxian

## Nomination Committee

Mr. GUO Yonghui (*Chairman*)  
Mr. LOU Baijun  
Ms. YU Junxian

## Remuneration Committee

Ms. YU Junxian (*Chairman*)  
Mr. LOU Baijun  
Mr. GUO Yonghui

## Company Secretary

Ms. LEE Ka Man

## Registered Office

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

## Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3, Building D  
P.O. Box 1586, Gardenia Court  
Camana Bay Grand Cayman, KY1-1100  
Cayman Islands

## Auditor

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Principal Place of Business

*Mainland China*  
No. 1688 Haitian Road  
Beilun District, Ningbo  
Zhejiang Province, China  
315800

*Hong Kong SAR, China*  
Unit 1105, Level 11  
Metroplaza, Tower 2  
223 Hing Fong Road  
Kwai Fong, N.T.  
Hong Kong

## Principal Banks

*Mainland China*  
Agricultural Bank of China  
Bank of China  
China Construction Bank  
Bank of Communications  
China Everbright Bank  
China Guangfa Bank  
Industrial and Commercial Bank of China  
China Merchants Bank  
Industrial Bank  
Shanghai Pudong Development Bank Co., Ltd.  
The Export-Import Bank of China

*Hong Kong SAR, China*  
Hang Seng Bank  
Oversea – Chinese Banking Corporation  
Standard Chartered Bank (Hong Kong)  
The Hongkong and Shanghai Banking Corporation  
BNP Paribas

# CHAIRMAN'S STATEMENTS



## Business Review

In 2024, the global economy kept the momentum of slow recovery with different paces across regions. The developed economies lacked growth momentum due to high interest rates, high inflation and geopolitical conflicts, while some emerging markets and developing economies showed strong resilience in their economies, which was attributable to favorable factors such as the shift of manufacturing industry chain and the recovery of tourism. As for the domestic economy, despite multiple negative impacts such as the slowdown in investment, insufficient domestic demand and pressure on exports due to trade protectionism, the Company managed to reach a record high in annual results by virtue of its global strategy and first-mover advantage in overseas investment and deployment, as well as the benefits from the acceleration of exports of certain downstream industries.



## Chairman's Statements

Benefiting from the restructuring of the global industrial chain and the acceleration of exports of certain downstream industries, the sales revenue of the Company amounted to approximately RMB16,128.3 million for the year ended 31 December 2024, representing an increase of 23.4% as compared to the corresponding period in 2023 (2023: RMB13,069.3 million). Thanks to the relatively low prices of raw materials in 2024 and the scale of economy, the gross profit margin increased as compared to 2023 and reached 32.5% for the full year (2023: 32.1%).

The net profit attributable to shareholders of the Company for the year ended 31 December 2024 amounted to approximately RMB3,080.3 million (2023: RMB2,491.5 million), representing an increase of 23.6% compared to the same period last year. Meanwhile, the net profit margin for the reporting period amounted to 19.1% (2023: 19.1%).

The Board has declared a second interim dividend of HKD0.73 per share for the year ended 31 December 2024, resulting in total dividends for 2024 of HKD0.73 per share (2023: total dividends of HKD0.66).

### Domestic and overseas sales

The following table summarises the Group's domestic and overseas sales by geographic areas:

<i>(RMB' million)</i>	2024	%	2023	%	2024 vs 2023
Domestic sales	10,112.3	62.7%	7,916.8	60.6%	27.7%
Overseas sales	6,016.0	37.3%	5,152.5	39.4%	16.8%
Total	16,128.3	100%	13,069.3	100%	23.4%



## Chairman's Statements

In terms of domestic market, certain downstream industries featuring daily consumer products showed robust demand in the first half of the year, whereas the automobile industry chain experienced recovery of demand in the second half of the year. Besides, through the launch of diversified and multi-level models and specialised machines for different customers, the Company was able to further increase its domestic market share, and recorded domestic sales of approximately RMB10,112.3 million for the full year, representing an increase of 27.7% year-on-year.

In terms of overseas market, benefiting from the structural change in the global industrial chain, as well as the Company's first-mover advantage in overseas investment and deployment, sales in certain countries and regions in Southeast Asia, North America and South America increased significantly. As a result, the Company recorded overseas sales of approximately RMB6,016.0 million, representing an increase of 16.8% year-on-year.

### Sales mix of PIMMs by product series

The Group's sales by product series are summarised in the following table:

(RMB' million)	2024	%	2023	%	2024 vs 2023
PIMMs	15,405.1	95.5%	12,446.8	95.2%	23.8%
Parts & service	723.2	4.5%	622.5	4.8%	16.2%
Total	16,128.3	100%	13,069.3	100%	23.4%

In 2024, with the general recovery of the downstream industries, all machine models of the Company have recorded year-on-year growth at different paces, among which Mars and Electrical series achieved significant growth, thanks to the rapid recovery of demand in daily consumer products, some home appliances and 3C products in the downstream industry. Benefiting from the continuous investments in production capacities in the global automobile industry chain, particularly the new energy vehicle, the Jupiter series of the Company increased steadily year-on-year. In 2024, the Company's sale of PIMMs increased by 23.8% year-on-year to approximately RMB15,405.1 million, the sales of parts and service increased by 16.2% year-on-year to approximately RMB723.2 million.

## Prospect

In 2025, the global economy will maintain moderate growth, especially as some developing economies will continue their economic expansion thanks to the restructuring of the manufacturing industry chain, providing support for global economic growth. At the same time, the international landscape is full of uncertainties. Global economic recovery will face significant challenges from the intensified geopolitical conflicts and rising trade protectionism. As for domestic economy, technology innovation, green transformation and new quality productivity forces will become the new drivers for economic growth. Consumption potential will be released continuously, underpinned by the consumption upgrades, changes to new consumption patterns and support of trade-in policy. The Company will continue to ride on the recovery of the global manufacturing industry and the resurgence of consumption demand.

## Chairman's Statements

Despite the intensified competition in various industries in China in recent years, the Company will leverage its multi-dimensional, efficient and synergistic market strategies, as well as active global presence, so as to further develop various established and emerging markets and increase its market share. The year of 2024 is the "Year of Quality and Service" for the Company. In the new year, the Company will continue to emphasise the importance of service, improve customer satisfaction and increase customer stickiness. Meanwhile, in order to strengthen the cooperation between the Company and its customers, the Company will continue to provide customised solutions and value-added services to expand its markets from single-machine sales to overall solutions for deeper market penetration.

Technology innovation has always been the core growth driver for the Company. In order to continuously upgrade and iterate machines, the Company has put the research and development of its new generation of models on the agenda. This year, it will also upgrade various existing models via performance optimisation, cost reduction and efficiency improvement so as to enhance our product competitiveness. More investment will be put into the research and development of intelligent technologies, and provide customers with more efficient production solutions through the introduction of big data and Internet of Things. We will also continue to strengthen the application of energy-saving and green technologies in our products to reduce energy consumption for our customers, so as to further enhance the value for price of our products throughout their lifecycle.

The Company will continue to firmly implement the "Five Five" strategy and expand its presence in global investments. As production capacity will be released after factories in Japan and Serbia are completed in 2025, the Company will accelerate the application of the intelligence and localisation of the supply chain to tackle the complex and changing geopolitical landscape. The Company will strive to achieve real-time monitoring of the entire production process by way of digitalisation and give full play to the advantages of the supply chain to reduce costs and increase efficiency.



## Chairman's Statements

Meanwhile, the Company will continue to build its management team with the young generation as the core, which features a combination of senior, middle-aged and young employees, so as to stimulate organisational vitality. It will also motivate and encourage young people towards overseas development and utilise the Company's first-mover advantage in expanding in the overseas markets.

On the premise of the strategic concept of "technology to the point", we will satisfy customised needs and demand from each niche market while standardising the production of our components. We strive to maintain our leading position in every aspect. As always, the Company will continue to create value for its customers with better quality and more convenient services, and will grow and develop together with its customers, employees, partners and investors.



# CEO'S REPORT



## HIGHLIGHTS

	2024 RMB' million	2023 RMB' million	Change %
Revenue	16,128.3	13,069.3	23.4
Gross profit	5,235.8	4,200.3	24.7
Operating profit	3,533.9	2,788.1	26.7
Profit attributable to shareholders of the Company	3,080.3	2,491.5	23.6
Basic earnings per share (expressed in RMB per share)	1.93	1.56	23.7
Dividend per share (expressed in HKD per share)			
Full year dividends	0.73	0.66	10.6

- Benefiting from the restructuring of the global industrial chain and the acceleration of exports of certain downstream industries, the sales revenue of the Company amounted to RMB16,128.3 million for the year ended 31 December 2024, representing an increase of 23.4% as compared to the corresponding period in 2023 (2023: RMB13,069.3 million).
- Thanks to the relatively low prices of raw material in 2024 and the scale of economy, the gross profit margin increased as compared to 2023 and reached 32.5% for the full year (2023: 32.1%).
- Profit attributable to shareholders of the Company amounted to RMB3,080.3 million for the year ended 31 December 2024 (2023: RMB2,491.5 million), representing an increase of 23.6% compared to 2023. The net profit margin was 19.1% in 2024 (2023: 19.1%).
- Earnings per share amounted to RMB1.93 for the year ended 31 December 2024, representing an increase of 23.7% compared to 2023.
- The Board declared a second interim dividend of HKD0.73 per share, resulting in total dividends for 2024 of HKD0.73 per share (2023: total dividends of HKD0.66 per share).

## CEO's Report



## Financial Review

### Revenue

Benefiting from the restructuring of the global industrial chain and the acceleration of exports of certain downstream industries, the sales revenue of the Company amounted to approximately RMB16,128.3 million for the year ended 31 December 2024, representing an increase of 23.4% as compared to the corresponding period in 2023 (2023: RMB13,069.3 million).



## CEO's Report

### Gross Profit

In 2024, the Company had a gross profit of approximately RMB5,235.8 million, representing an increase of 24.7% compared to 2023. Benefitting from the relatively low raw material prices in 2024 and the scale of economy, the gross profit margin increased as compared to 2023 and reached 32.5% for the full year (2023: 32.1%).

### Selling and Administrative Expenses

The selling and administrative expenses increased by 14.8% from approximately RMB2,015.3 million in 2023 to approximately RMB2,313.1 million in 2024. The increase in expenses was mainly due to the increase of sales commissions, labour costs, R&D expenses and other sales and administrative expenses. The labour costs related to research and development activities were approximately RMB266.7 million (2023: RMB245.9 million) in 2024.

### Other Income

Other income mainly consists of government subsidy and decreased by 2.8% from approximately RMB402.5 million in 2023 to approximately RMB391.1 million in 2024.

### Finance Income – Net

The Company recorded a net finance income of approximately RMB173.4 million in 2024, representing a decrease as compared to a net finance income of approximately RMB234.1 million in 2023. The decrease was mainly attributable to i) the interest income of approximately RMB238.1 million from restricted bank deposits, term deposits and cash and cash equivalents in 2024 compared to approximately RMB273.2 million in 2023; ii) interest expense of approximately RMB61.3 million in 2024 compared to approximately RMB73.9 million in 2023; and iii) net foreign exchange losses of approximately RMB4.2 million in 2024 compared to net foreign exchange gains of approximately RMB28.8 million in 2023.

### Income Tax Expenses

Income tax expenses increased by 22.5% from approximately RMB542.0 million in 2023 to approximately RMB664.2 million in 2024. The Company's effective tax rate maintained at a similar level of 17.7% (2023: 17.8%) in 2024.

### Net Profit Attributable to Shareholders

As a result of the foregoing, our net profit attributable to shareholders of the Company in 2024 amounted to approximately RMB3,080.3 million, representing an increase of 23.6% compared to 2023.

### Liquidity, Financial Resources, Borrowings and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow. As at 31 December 2024, the Group's total cash and cash equivalents, term deposits and restricted bank deposits amounted to approximately RMB2,745.4 million, RMB3,331.9 million and RMB52.8 million respectively (31 December 2023: RMB5,445.6 million, RMB3,939.3 million and RMB68.6 million respectively). The Group's bank borrowings amounted to approximately RMB2,011.3 million as at 31 December 2024 (31 December 2023: RMB2,747.4 million).

The Group also placed certain surplus funds into wealth management products which were recorded as financial assets at fair value through profit or loss ("FVPL"). The wealth management products carry floating interests ranging from 2.10% to 6.60% (2023: 2.50% to 7.80%) per annum. As at 31 December 2024, the Group's financial assets at FVPL amounted to approximately RMB6,971.5 million (31 December 2023: RMB4,129.2 million).

The net gearing ratio is defined by the Company's management as total borrowings net of cash divided by shareholders' equity. As at 31 December 2024, the Group was in a strong financial position with a net cash position amounting to approximately RMB4,118.8 million (31 December 2023: RMB6,706.0 million). Accordingly, no net gearing ratio is presented.

## CEO's Report

### Capital Expenditures

In 2024, the Group's capital expenditures consisted of additions of property, plant and equipment, freehold land, and land use rights, which amounted to approximately RMB1,056.6 million (2023: RMB1,175.9 million).

### Charges on Group Assets

As at 31 December 2024, the Group's term deposits in Renminbi and U.S. dollars, amounting to approximately RMB470.0 million and USD20.6 million (equivalent to approximately RMB148.1 million) respectively, and bills receivables amounting to approximately RMB156.1 million, are pledged as security for bills payables, borrowing and derivative financial instrument of the Group.

### Foreign Exchange Risk Management

As of 31 December 2024, the Group exported approximately 37.3% of its products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while the Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10.0% of the total purchases.

### Financial Guarantee

As at 31 December 2024, the Group provided guarantees to banks in connection with facilities granted to the customers with an amount of approximately RMB241.1 million (31 December 2023: RMB388.9 million). As at 31 December 2024, the Group reassessed the provisions based on the credit history of its customers and the current market condition. No significant provision is noticed.

## EMPLOYEES

As at 31 December 2024, the Group had a total workforce of 8,074 employees. Most of our employees were located in China. The Group offered its staff with competitive remuneration schemes. In addition, discretionary bonuses will be paid to staff based on individual and the Group's performance. The Group is committed to nurturing a learning culture in its organisation.

## EVENTS AFTER THE REPORTING DATE OF 31 DECEMBER 2024

The Board is not aware of any other important event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this annual report.

## PAYMENT OF DIVIDEND

The Board had not declared an interim dividend for the six months ended 30 June 2024. The Board has now declared a second interim dividend of HKD0.73 per share for the year ended 31 December 2024 (2023: HKD0.66 per share), resulting in total dividends for 2024 of HKD0.73 per share (2023: total dividends of HKD0.66 per share). On the basis of the total issued share capital of 1,596,000,000 shares of the Company as of the date of this annual report it is estimated that the aggregate amount of the second interim dividend would be approximately RMB1,074.69 million (2023: RMB955.36 million). The actual total amount of the second interim dividend to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the second interim dividend. The second interim dividend is expected to be paid on 11 April 2025 to the shareholders whose names appear on the register of members of the Company on 1 April 2025.

The Board has decided to consider and if think fit to declare dividends once for every fiscal year in the future. Currently, the Company does not have any predetermined dividend payout ratio.

Declaration and recommendation of payment of dividends of the Company is subject to the approval of the Directors, depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. The Board has discretion as to the declaration and payment of dividends and there can be no assurance or guarantee that dividends will be paid in any particular amount for any given period in the future.

# Communication

## DIRECTORS AND SENIOR MANAGEMENT



## Directors and Senior Management

### Executive Directors



**Mr. Zhang Jianming (張劍鳴)**, aged 63, is an Executive Director and the Chairman of the Group. Mr. Zhang joined the Group in August 1977 as worker and has gained extensive exposure in various departments of the Group. With over 40 years of experience in the plastic processing machinery industry, Mr. Zhang is experienced in all facet of the overall operation of the Group. He was appointed as the director of Haitian Precision since March 2012. Mr. Zhang acted as the chief executive officer of the Group from April 2000 to August 2023 and redesignated to chairman of the Group on 21 August 2023. Mr. Zhang served as a member of the National Committee of the Chinese People's Political Consultative Conference in Beilun District (北侖區政協委員會) in 1996 and as a director of the Quality Management Association of Beilun District of Ningbo (寧波市北侖區質量管理協會) from 1990 to 2000. In January 2006, Mr. Zhang was also selected as a representative of Ningbo's private enterprises to attend the National Science and Technology Conference. From 2003 to 2011, he was the chairman of Ningbo Plastic Machine Industry Association (寧波市塑料機工業協會). Mr. Zhang was also elected a deputy to the People's Congress of Beilun District (北侖區人大代表) in 2012. Mr. Zhang Jianming is the elder brother of Mr. Zhang Jianfeng, the brother-in-law of Mr. Guo Mingguang and Mr. Liu Jianbo, the father of Mr. Zhang Bin and the father-in-law of Ms. Chen Lu, all of whom are directors of the Company, and he is also a director of Sky Treasure Capital Limited ("Sky Treasure"), Premier Capital Management Pte. Ltd. ("Premier Capital") and Cambridge Management Consultants (PTC) Ltd. ("Cambridge Management").



**Mr. Zhang Bin (張斌)**, aged 39, is an Executive Director and the Chief Executive Officer of the Group and is responsible for the overall daily operations of the Group. Mr. Zhang joined the Group in January 2014. He obtained his Bachelor's degree in mechanical engineering from the University of Nottingham in July 2009, and his master's degree in engineering management from King's College London, the University of London, in January 2011. Upon joining the Group in January 2014, Mr. Zhang was appointed as an officer of the information management department of the Group. In January 2015, he also took up the role of assistant to general manager of Ningbo Zhafir Plastics Machinery Co., Ltd. under the Group. In January 2017, Mr. Zhang was appointed as general manager of Ningbo Zhafir Plastics Machinery Co., Ltd. under the Group. Mr. Zhang Bin acted as the executive vice president of the Group from March 2022 to August 2023, and was appointed as Chief Executive Officer of the Group on 21 August 2023. Mr. Zhang Bin is a son of Mr. Zhang Jianming, our Chairman. Mr. Zhang Bin is the husband of Ms. Chen Lu. He is also a director of Premier Capital and Cambridge Management.

## Directors and Senior Management



**Mr. Zhang Jianfeng (張劍峰)**, aged 56, is an Executive Director, the executive vice president and the director of domestic sales of the Group. Mr. Zhang joined the Group in October 1985 and has more than 30 years of experience in the plastic processing machinery industry. He was promoted to the deputy head of the Group's sales division in the sales and marketing department in 1997. He has been appointed as the senior vice president of sales and marketing of the Group since 2002. Mr. Zhang has been appointed as the chairman of Ningbo Plastic Machine Industry Association (寧波市塑料機工業協會) since 2012. Mr. Zhang is the younger brother of Mr. Zhang Jianming and the brother-in-law of Mr. Guo Mingguang and Mr. Liu Jianbo, all of whom are directors of the Company. Ms. Chen Lu is the niece-in-law of Mr. Zhang Jianfeng. Mr. Zhang is also a director of Sky Treasure and Cambridge Management.



**Mr. Chen Weiqun (陳蔚群)**, aged 54, is an Executive Director and the vice president of the Group. Mr. Chen graduated from Huadong Yejin College (華東冶金學院) with a bachelor's degree in mechanics in August 1993. In 2005, he obtained a master's degree in business administration from the University of Zhejiang. He joined the research and development department of the Group in 1993. In 1994, he joined the international sales team of the sales department. He was appointed as an assistant to the chief executive officer in 2000 and as the deputy general manager of international sales in 2003. He has been appointed as the deputy general manager responsible for the Group's international sales since 2004. In addition, Mr. Chen was appointed as the general manager of Haitian Huayuan in 2004. He is also a director of Cambridge Management.



**Ms. Chen Lu (陳露)**, aged 37, is an Executive Director and currently the investment director of the Group. Ms. Chen graduated from Yale University in the United States in June 2013 with a Bachelor's degree in economics. She joined the investment banking department of Goldman Sachs (China) Securities Co., Ltd. (previously known as Goldman Sachs Gao Hua Securities Company Limited), Beijing Branch in March 2013 as an intern and then joined Boston Consulting (Shanghai) Co., Ltd. in October 2013 as a strategy consulting manager. Ms. Chen joined the Group in March 2018 and was appointed as an investment manager; in January 2022, she was appointed as the investment director. Ms. Chen Lu is the wife of Mr. Zhang Bin, daughter-in-law of Mr. Zhang Jianming and niece-in-law of Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo.

## Directors and Senior Management

### Non-Executive Directors



**Mr. Guo Mingguang (郭明光)**, aged 59, is a Non-executive Director. Mr. Guo joined the Group in January 1983 and has more than 30 years of experience in the plastic processing machinery industry. In 1985, he was transferred to the Group's customer services department, and was transferred again in 1989 to the Group's engineering department. From 1994 to 1999, he served as the deputy general manager of Ningbo Zongtian Plastic Processing Machinery Manufacturing Co., Ltd. From 1999 to 2002, he served as the general manager of a factory of the Group. In 2003, he was appointed as the deputy head of production of the Group and was promoted to the vice president of production of the Group in 2004. Mr. Guo was re-designated from an Executive Director to a Non-Executive Director on 1 June 2012. Mr. Guo is the brother-in-law of Mr. Zhang Jianming, Mr. Zhang Jianfeng and Mr. Liu Jianbo, all of whom are directors of the Company. Ms. Chen Lu is the niece-in-law of Mr. Guo Mingguang.



**Mr. Liu Jianbo (劉劍波)**, aged 58, is a Non-executive Director. Mr. Liu joined the quality assurance department of the Group in November 1986 and was appointed as a quality control manager in 1997. In 2000, he qualified as an internal auditor under the ISO9001:2000 certification system and since then has been responsible for the Company's internal quality control audit. He has been the Company's vice president of quality control since February 2004 and the Company's vice president of customer service since July 2004. Mr. Liu was re-designated from an Executive Director to a Non-Executive Director on 1 June 2012. Mr. Liu is the brother-in-law of Mr. Zhang Jianming, Mr. Zhang Jianfeng and Mr. Guo Mingguang, all of whom are directors of the Company. Ms. Chen Lu is the niece-in-law of Mr. Liu Jianbo.

## Directors and Senior Management

### Independent Non-Executive Directors

**Ms. Yu Junxian (餘俊仙)**, aged 60, was appointed as an Independent Non-executive Director on 1 February 2019. Ms. Yu Junxian has been appointed as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 27 March 2020. Ms. Yu has in-depth knowledge of, over 30 years of experience in, auditing, accounting, and finance and is a professor level senior accountant, certified accountant, certified valuer and registered tax agent in China. Ms. Yu taught in Zhejiang Finance Economics College\* 浙江財經學院 between 1988 and 1998. Ms. Yu was a partner with Zhejiang Tianping Accounting Firm\* 浙江天平會計師事務所 in Hangzhou since 1999. Ms. Yu was an independent non-executive director of Haitian Precision from July 2013 to April 2018.

**Mr. Lou Baijun (樓百均)**, aged 62, joined the Group in March 2012 as an Independent Non-executive Director. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. He is currently the professor of Modern Logistics School of Zhejiang Wanli University. Mr. Lou is a member of the Chinese Institute of Certified Public Accountants since 1996. Mr. Lou was appointed deputy director and deputy professor of Faculty of Financial Management of Jiangxi University of Finance and Economics between 1985 and 2001 and commenced teaching at Zhejiang Wanli University since 2001. Mr. Lou obtained a master degree in management and engineering from Wuhan University of Technology in 2006.

**Mr. Guo Yonghui (郭永輝)**, aged 69, joined the Group in November 2016 as an Independent Non-executive Director. He is also a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Prior to his retirement in August 2016, he was the Department General Manager of Ningbo Branch of Bank of China Limited. He was appointed to a number of roles at Finance & Local Taxation Bureau of Xiangshan District in Ningbo, China including section chief and director of Finance & Local Taxation Office between 1986 and 1994. He was appointed to the position of President of Sub-branch and Department General Manager of Ningbo Branch of Bank of China Limited since 1995. Mr. Guo graduated from Zhejiang Radio & TV University with a diploma in industrial accounting in 1990. He was a qualified economist in China since 1993. He graduated in law from PLA Dalian Naval Academy in 2003.

**Mr. Lo Chi Chiu (盧志超)**, aged 53, was appointed as an Independent Non-executive Director on 1 February 2019. Mr. Lo has over 20 years of accounting and auditing experience in international accounting firms and various corporations. He served as staff account in Ernst & Young from August 1995 to October 1997. From December 1997 to June 2001, Mr. Lo initially worked as senior associate and later was appointed as manager in PricewaterhouseCoopers Ltd. Mr. Lo was appointed as financial controller for Technicon Engineering Limited from July 2001 to July 2002. He was appointed as financial controller for Zhejiang Xinfu Biochemical Co., Ltd. from July 2002 to November 2002. From December 2002 to June 2003, Mr. Lo was appointed as financial controller for Shenzhen Glory Medical Co., Ltd. He was initially appointed as project accountant and subsequently as finance manager for Integrated Distribution Services Group Management Limited from June 2004 to August 2006. He was appointed as company secretary and chief financial officer of Truly International Holdings Limited (stock code: 732) from November 2010 to January 2011, the shares of which listed on the Stock Exchange. From February 2011 to August 2011, Mr. Lo was appointed as chief financial officer for VPower Holdings Limited. He was appointed as chief financial officer of the Company from August 2006 to November 2010 and from September 2011 to June 2016. Mr. Lo served as an independent non-executive director, chairman of the audit committee and the remuneration committee and a member of the nomination committee of Ernest Borel Holdings Limited (stock code: 1856) from June 2014 to December 2017, the shares of which listed on the Stock Exchange. He has also been appointed as an independent non-executive director, chairman of the audit committee and a member of the nomination committee and the remuneration committee of Edvantage Group Holdings Limited (stock code: 382) from 15 July 2019 to 16 February 2022, the shares of which listed on the Stock Exchange.

\* For identification purpose only

## Directors and Senior Management

### Senior Management

**Mr. Yu Wenxian (虞文賢)**, aged 56, is the vice president of human resources and administration of the Group. Mr. Yu graduated from Xi'an Jiaotong University (西安交通大學) with a bachelor's degree in mechanical engineering in 1991. He joined the Group in May 1993 as an engineer. Since 1997, Mr. Yu has been working in the areas of administration and human resources and served various managerial roles in those areas. He has been appointed as the vice president of human resources and administration of the Group since 2003 and had been serving as the executive assistant to the chief executive officer of the Group between 2004 and 2010.

**Mr. Bei Haibo (貝海波)**, aged 59, is the vice president and executive vice director of domestic sales of the Group. Mr. Bei joined the Group in January 1983 and has more than 30 years of experience in the plastic processing machinery industry. He was appointed as a manager responsible for after-sales services in 1997 and was promoted to deputy general manager of the Group's sales department in 1998.

**Mr. Xiang Linfa (項林法)**, aged 51, is the vice president and director of overseas sales of the Group. Mr. Xiang graduated from Wuhan University of Technology (武漢理工大學) with a bachelor's degree in mechanical design and manufacturing. He joined the plastics machinery quality inspection department of the Group in 1998, joined the domestic trade after-sales services in 1999, and in the next year, he worked in the plastics machinery technology department for a year. He was appointed as the overseas general manager of Brazil business department in 2003 and was appointed as the vice general manager of Ningbo Haitian Huayuan in 2008. Besides, Mr. Xiang was appointed as the general manager of Ningbo Haitian Huayuan in 2021.

**Mr. Fu Nanhong (傅南紅)**, aged 50, is the head of technology of our Group. Mr. Fu graduated from Dalian University of Technology with a bachelor's degree in mechanical engineering in 1997 and a master degree in mechanical and electronic engineering in 2000. He joined the research and development department of our Group in 2000. In 2003, he was appointed assistant to the head of research and development department and its deputy head in 2006. In 2008, he was also appointed deputy general manager of Ningbo Zhafir, the electric PIMM arm of our Group, and promoted to its general manager between 2014 and 2016. He was appointed as the head of technology of our Group since 2013.

**Mr. Xie Zhenfeng (解臻峰)**, aged 39, was appointed as the chief financial officer of the Group in February 2021. Mr. Xie graduated from Fudan University (復旦大學) with a bachelor's degree in science in 2008. Mr. Xie is a certified public accountant and a certified internal auditor in China. He used to serve as an auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP and has extensive work experience in enterprises and banks. In 2015, he joined the finance department of the Group and held the position of assistant to the chief financial officer.

**Ms. Yu Xiaojing (俞曉婧)**, aged 33, joined the Group in 2021 and was appointed as the director of investor relations of the Group in January 2022. Ms. Yu graduated from Peking University (北京大學) with a bachelor's degree in economics in 2014. Ms. Yu used to work at J.P. Morgan and PAG Consulting Limited.

# Investor Information

## Listing Information

Listing: Hong Kong Stock Exchange  
Stock code: 1882

## Key Dates

17 March 2025	—	Annual Results Announcement of 2024
1 April 2025	—	Closure of register of members (entitlement to second interim dividend)
11 April 2025	—	Payment date of second interim dividend
12–16 May 2025	—	Closure of register of members (Annual General Meeting)
16 May 2025	—	Annual General Meeting

## Share Information

Board lot size: 1,000 shares

Shares in issue as at 31 December 2024:  
1,596,000,000 shares

Market Capitalisation as at 31 December 2024:  
HKD32,510.5 million

Basic earnings per share for 2024: RMB1.93  
Diluted earnings per share for 2024: RMB1.93

Dividend per share for 2024  
Total Interim dividends HK73 cents

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Total HK73 cents

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## Hong Kong Share Registrar Transfer Office

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Enquiries Contact

Investor Relations Department  
Tel (China): 86-574-86182786  
Tel (Hong Kong): 852-24282999  
Fax: 86-574-86182787  
E-mail: yxj0199@mail.haitian.com (Kathy Yu)  
wangjihui@mail.haitian.com (Shime Wang)  
Address: No. 1688 Haitian Road,  
Beilun District, Ningbo,  
Zhejiang Province, China  
Postal code: 315800

## Websites

<http://www.haitianinter.com>  
<http://www.haitian.com>

# Summary of the Environmental, Social and Governance Report

The Group actively fulfills its responsibilities as an industry-leading enterprise. Upholding the corporate mission of “Communication, Innovation, Efficiency”, we integrate Environmental, Social, and Governance (“ESG”) concepts into all aspects of operational management, R&D, production, sales, customer service, and community engagement. The Group is committed to building a sustainable enterprise and society, so as to create long-term benefits for internal and external stakeholders, including shareholders, customers, employees, and partners.

We have established and continuously enhanced our ESG governance structure to clarify the duties and responsibilities of management at all levels. The Board of the Group assumes full accountability for ESG-related matters, ESG risk assessment, and reporting, leading and overseeing the effective implementation of the Group’s ESG strategy in a top-down approach. Concurrently, we integrate the achievement of ESG-related objectives into the performance evaluation of key personnel to ensure the comprehensive integration of ESG principles into operational decision-making. As a result of our ongoing optimization of the ESG system and practical accomplishments, Haitian International has received a BBB rating in the MSCI ESG rating for two consecutive years.

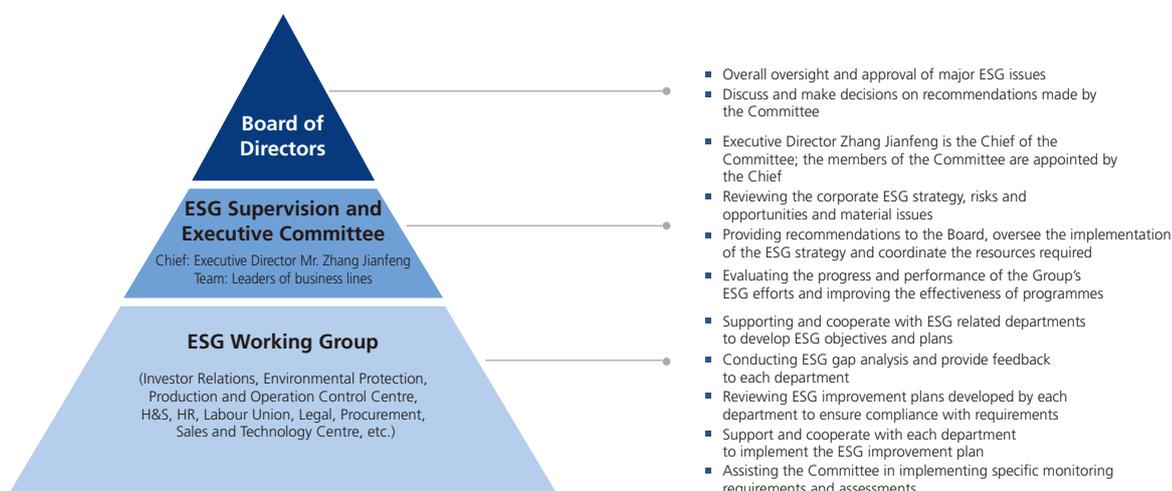


Figure: ESG Governance Structure of the Group

We are pleased to provide an overview of our ESG initiatives for the year. For comprehensive ESG information of the Group, please refer to our ESG report for this year:

- Enhancing clean technology innovation:** The Group regards the clean and low-carbon transformation of industries across the value chain as a key strategic opportunity, offering intelligent and sustainable solutions for automated production, lightweight materials, biodegradable materials, recyclable materials, and battery logistics to address the sustainability needs of diverse industries. In recent years, the Group has gradually introduced the fifth generation (G5) models, which are more energy-efficient and intelligent, in various markets. All G5 series are equipped with the “Go Factory 2.0” digital management software and open integration functions. Compared with the equivalent G3 models, the G5 models can reduce the overall operating energy consumption by 20-40%. In 2024, the electric pre-plasticising technology applied in the MAV and JUV series, and the integrated polyurethane reaction and injection molding process adopted by JUV series in the production of new energy vehicle interior components have further reduced energy consumption.

## Summary of the Environmental, Social and Governance Report

- **Strengthening environmental impact management:** The Group has launched the construction of a “Smart Energy and Environmental Management Platform”, which leverages digital technologies to optimise energy management and enables real-time monitoring and precise control of energy consumption. We are advancing the establishment of “Zero-Waste Plant”, encouraging waste reduction at the source, actively exploring waste recycling methods, and developing resource utilization and safe disposal plans to minimize the Group’s environmental impact. In 2024, the Group was honoured with awards and titles such as National Green Factory, Water-Saving Enterprise in Zhejiang Province, the first batch of key “Zero-Waste Group” enterprises in Zhejiang Province, and the first batch of “Quiet Factories” in Ningbo. In addition, the Group has been deeply involved in the advancement of renewable energy projects. In 2024, the rooftop solar photovoltaic (PV) project at the Tongtu Road Plant generated 22,417.4 MWh of electricity, with 18,531.5 MWh consumed by the Plant, accounting for 31% of its annual electricity consumption. The total capacity of the first-phase solar PV project at the South China Plant is 6,200 kW. In November, the electricity generation was 444,700 kWh, with 74% used for self-consumption; in December, the electricity generation was 521,600 kWh, with 73% used for self-consumption.
- **Consolidating business ethics management:** The Group diligently conducts audit work, with the Board responsible for leading and supervising the audit activities. The Internal Control Department conducts annual audits at all domestic operating bases, conducts one audit per year at four different overseas bases in various countries, and ensures full coverage of all overseas bases every two years. In 2024, the Group conducted 17 internal audits. We uphold a zero-tolerance policy towards any violation of business ethics, including but not limited to commercial bribery, misappropriation of funds, fraud, extortion, and money laundering. The Group was not involved in any commercial corruption or bribery litigation during the reporting period. In addition, we provide annual business ethics training for employees and Directors, achieving 100% coverage in 2024.
- **Protecting the rights and interests of employees:** Guided by the principle of “people-oriented” management, we are committed to building an inclusive and diverse workplace environment. We provide competitive, performance-based compensation and benefits, where 100% of employees’ compensation includes a variable pay component linked to performance. We establish personalised and diverse training programmes and career development paths; ensure smooth and close communication among employees; maintain a safe production and work environment. Additionally, the Group has long provided talent apartments and public rental housing for employees, to help employees address housing issues, reduce living costs, and improve quality of life.
- **Upholding the tradition of charitable philanthropy:** Over the past decade, the public welfare activities of Haitian Charity Foundation have spanned across various fields including poverty alleviation, education support, medical assistance, and social welfare, creating value for society through donations and implementing charitable initiatives.

Reflecting on our journey, Haitian International has received widespread recognition for its efforts in sustainable development over the years. Looking forward to the future, we are committed to providing customers with technologically innovative, high-quality, and environmentally sustainable products. We will continuously improve our ESG management and performance, collaborate with stakeholders to create long-term value, and actively contribute to society.



**Innovation**

**CORPORATE  
GOVERNANCE  
REPORT**



# Corporate Governance Report

## Purpose, Values, Strategy and Culture

The core purpose of the Company is to create value for its shareholders. It strives to become the leading pioneer in the plastic injection moulding machine industry that is trusted by its consumers, and a place where its employees are proud to work for. Its mission is to lead the development of the industry and set the industry benchmarks. In this connection, it endeavours to maintain accountability to its employees, consumers, shareholders, the society, and the environment. These purpose and values shape the Company's strategy, which are geared towards building a trusted and beloved enterprise whereby values for shareholders are created.

The Company's purpose, values and strategy form the foundations of the Company's corporate culture. Its corporate culture is centred on adherence to high ethical standards and practices, and striving for sustainable development.

The Company recognises the importance of good corporate governance to its healthy growth and has therefore devoted much efforts into formulating corporate governance practices that agree with its business needs. The Company has applied the principles set out in the Corporate Governance Code ("CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") by adopting the relevant code provisions. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG code. The directors of the Company (the "Directors") consider that the Company complied with all the applicable code provisions set out in the CG Code for the year ended 31 December 2024.

## Board of Directors

As at the date of this annual report, the Board of Directors (the "Board") comprises 5 Executive Directors, 2 Non-executive Directors and 4 Independent Non-executive Directors.

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

### *Executive Directors*

Mr. ZHANG Jianming (*Chairman*)  
Mr. ZHANG Bin (*Chief Executive Officer*)  
Mr. ZHANG Jianfeng  
Mr. CHEN Weiqun  
Ms. CHEN Lu

### *Non-executive Directors*

Mr. GUO Mingguang  
Mr. Liu Jianbo

### *Independent Non-executive Directors*

Mr. LOU Baijun  
Mr. GUO Yonghui  
Ms. YU Junxian  
Mr. LO Chi Chiu



## Corporate Governance Report

The Board has a balance of skill, experience and diversity of perspectives that are essential to and would promote the business of the Group. It also has a balanced composition of Executive and Non-executive Directors and is responsible to formulate overall strategy of the Group, monitor its operational and financial performance and oversight of the management of the Company's business and affairs. The Board, especially the Independent Non-executive Directors, is also responsible to decide on acquisitions or disposals where there is conflict of interests for any Director(s). The Board has delegated the day-to-day responsibility to the Executive Directors and Senior Management of the Company. The biographies and relevant relationships amongst them are set out in the Directors and Senior Management Section of this annual report.

The current Chairman and the Chief Executive Officer of the Company are Mr. Zhang Jianming and Mr. Zhang Bin, respectively. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate individuals. It is aimed at striking a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Group in all aspects effectively. The division of responsibilities between the Chairman and the Chief Executive Officer have been clearly established and set out in writing.

The Non-executive Directors, with diversified industry expertise but not involved in the day-to-day management of the Group, serve the important function of advising the Board on strategic development of the Group, and ensure that the Board maintains high standards of financial and other mandatory reporting as well as provide adequate checks and balances for safeguarding the interests of the Company and its shareholders as a whole. The Company has received confirmations of independence from all existing Independent Non-executive Directors and considers them independent, in accordance with the Rule 3.13 of the Listing Rules. All Directors have a term of office of three years and are required to retire and, being eligible, can offer themselves for re-election in accordance with the Articles of Association of the Company.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and Senior Management. The Board will also review this arrangement from time to time to ensure the insurance cover is well enough for our Directors and Senior Management.

### Board Meetings

The Board meets regularly so that all Directors are kept updated with the business development of the Group. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2024, the Board convened a total of four Board meetings (including four regular Board meetings) and the individual attendance record of the Directors is tabulated as follows:

#### Attendance

##### Executive Directors

Mr. Zhang Jianming ( <i>Chairman</i> )	4/4
Mr. Zhang Bin ( <i>Chief Executive Officer</i> )	4/4
Mr. Zhang Jianfeng	4/4
Mr. Chen Weiqun	4/4
Ms. Chen Lu	4/4

##### Non-executive Directors

Mr. Guo Mingguang	4/4
Mr. Liu Jianbo	4/4

##### Independent Non-executive Directors

Mr. Lou Baijun	4/4
Mr. Guo Yonghui	4/4
Ms. Yu Junxian	4/4
Mr. Lo Chi Chiu	4/4

### Non-executive Directors

Each of the Non-executive Directors and Independent Non-executive Directors has entered into a service contract with the Company for a term of three years, subject to the requirement that one-third of all the Directors shall retire from office by rotation at each annual general meeting pursuant to the Articles of Association of the Company.

# Corporate Governance Report

## Mechanisms to Ensure Independent Views

The Board has adopted effective mechanisms to ensure independent views and input are available to the Board. Subject to approval of the Chairman of the Board, Directors may seek, at the Company's expense, independent legal, financial or other professional advices from advisors independent to those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively. The Board will review the implementation and effectiveness of such mechanisms on an annual basis.

The Board considers that the above mechanisms are effective in ensuring that independent views and input are provided to the Board.

## Model Code for Securities Transactions by Directors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiry has been made to all Directors who were in office during the year ended 31 December 2024 and they all have confirmed that they had complied with the required standard set out in the Model Code during the reporting period.

## Relationship of the Directors

Among the members of the Board, Mr. Zhang Jianming, the Chairman, is the elder brother of Mr. Zhang Jianfeng, the brother-in-law of Mr. Guo Mingguang and Mr. Liu Jianbo, the father of Mr. Zhang Bin and the father-in-law of Ms. Chen Lu, all of whom are also directors of the Company. Ms. Chen Lu is the wife of Mr. Zhang Bin, daughter-in-law of Mr. Zhang Jianming and niece-in-law of Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo. Mr. Zhang Bin is the Chief Executive Officer of the Company.

## Nomination Committee

The Board had set up its Nomination Committee to, among others, review the structure, size and composition of the Board and make recommendations to the Board on the appointment of Directors. The Nomination Committee has also adopted a policy of diversity for memberships of the Board which aims to achieve diversity in the Board against a range of different perspectives, including but not limited to professional and industry experience, skills and knowledge, cultural and educational background. These criteria will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In reviewing and assessing the composition of the Board, the Nomination Committee will consider all different perspectives, including the aforesaid criteria, in order to maintain a diverse Board. And in recommending new appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria including the ones set out above, with due regard for the benefits of diversity of the Board.

## Nomination Policy

The Nomination Committee shall nominate suitable candidates to the Board on the appointment of Directors and succession planning for directors. When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidates:

- Reputation for integrity;
- Accomplishment and experience in the manufacturing industry and other relevant sectors;
- Commitment in respect of available time and relevant interest; and
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

## Corporate Governance Report

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations.

Under the Nomination Policy, the Nomination Committee should upon receipt of the proposal on appointment of new director and the biographical information of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee should make recommendation to shareholders in respect of the proposed election at the general meeting.

The Nomination Committee currently comprises three Independent Non-executive Directors. The composition of the Nomination Committee and the attendance of the one meeting of the Nomination Committee during the year ended 31 December 2024 is set out below:

### Attendance

Mr. Guo Yonghui ( <i>Chairman</i> )	1/1
Mr. Lou Baijun	1/1
Ms. Yu Junxian	1/1

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board with regards to the Board Diversity Policy, and assessed the independence of Independent Non-executive Directors and made recommendations on re-election of directors at general meetings and reviewed the Nomination Policy.

## Board Diversity Policy

The Board has formulated a Board Diversity Policy to improve the standard of management through achieving diversity on the Board in terms of management skills, experience and perspectives, and thereby enhance the quality of the management and the

performance of the Company. The Board Diversity Policy requires that the appointment of Board members should be based on the talents of the candidates. Factors including diversity in age, gender, education and cultural background, professional expertise, industry experience and independence should also be considered and assessed during the selection process to ensure diversity. The Nomination Committee of the Board monitors the implementation of the Board Diversity Policy and reports in the corporate governance report of the Company on an annual basis. The Nomination Committee will also review the Board Diversity Policy and make recommendations for revision to the Board for consideration and approval when necessary. The Board considers that it has made progress on achieving diversity of the Board by including members of different gender and education background and professional qualifications. The Board will continue to strive for diversity of the Board in accordance with the Board Diversity Policy and will review the implementation and effectiveness of the Board Diversity Policy, as appropriate, and at least on an annual basis. The Board confirmed the Board Diversity Policy is effective.

The current Board comprises 9 male members and 2 female members. The Company is determined to enhance gender diversity in the Board to achieve gender equality in terms of gender ratio within approximately 10 years. The Company expects the above is achievable with suitable effort in promoting gender diversity.

As at 31 December 2024, the Company has 8,074 employees (including Senior Management) in total comprising of approximately 879 females and 7,195 males (a female-to-male ratio of approximately 1:8.19). The Company is mindful of the objectives as set out in the diversity policy when assessing the candidacy of the employees, and will ensure that the Company shall continue to follow the policy.

As at 31 December 2024, 87% of the workforce were based in the PRC and the remaining 13% were based overseas. In terms of the age of our workforce, 34% were under 30 years of age, 32% were between 30 and 40 years of age, and 34% were above 40 years of age, which represents a diverse range of experience and background of the Group's workforce.

# Corporate Governance Report

## Audit Committee

The Company has set up an Audit Committee in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company with at least one of them having appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee has reviewed the Group's consolidated financial information for the year ended 31 December 2024, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee, together with the management and the external auditors, has regularly reviewed the accounting principles and practices adopted by the Group, discussed auditing, internal control, risk management and financial reporting matters and reviewed the financial results of the Group.

The composition of the Audit Committee and the attendance of the three meetings of the Audit Committee during the year ended 31 December 2024 are set out below:

### Attendance

Mr. Lou Baijun ( <i>Chairman of Committee</i> )	3/3
Mr. Guo Yonghui	3/3
Ms. Yu Junxian	3/3

The Audit Committee met three times during the year ended 31 December 2024. During the meetings, the Audit Committee considered the annual results of the Group for the year ended 31 December 2023 and the interim results of the Group for the six months ended 30 June 2024 as well as the reports prepared by the external auditors relating to accounting and internal control issues and risk management and major findings in the course of audit/review, and the audit plan of 2024.

## Remuneration Committee

The Remuneration Committee is responsible to review the policy for remuneration of the Directors and other Senior Management of the Group and to make recommendations to the Board on the remuneration packages of each Director and senior management to assess performance of the Executive

Directors of the Company and to approve the terms of Executive Directors' service contracts. The Group's policy for remuneration (including basic salary and performance bonus) of the Directors and other Senior Management is based on skills, knowledge, involvement and performance of the individuals by reference to the Company's performance and profitability, as well as industry practice.

The emoluments of Senior Management by band for the year ended 31 December 2024 is set out in the section headed "Biographical Details of and Remunerations to Directors and Senior Management" in the Report of the Directors.

## Remuneration Policy

The objective of the Company's Remuneration Policy is to help establish fair and competitive remuneration packages based on our business requirements and industry practice. The Board expects the remuneration committee of the Company to exercise independent judgement and ensures that all the directors of the Company do not participate in the determination of their own remuneration. In order to determine the level of remuneration and fees paid to members of the Board, markets rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of Directors and Senior Management of the Company:

- Business requirements;
- Individual performance and contribution to results;
- Company performance and profitability;
- Retention considerations and the potential of individuals;
- Corporate goals and objectives;
- Changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- General economic situation.

## Corporate Governance Report

The Remuneration Committee currently comprises three Independent Non-executive Directors. The composition of the Remuneration Committee and the attendance of the one meeting of the Remuneration Committee during the year ended 31 December 2024 are set out below:

### Attendance

Ms. Yu Junxian ( <i>Chairman of Committee</i> )	1/1
Mr. Lou Baijun	1/1
Mr. Guo Yonghui	1/1

The Remuneration Committee had reviewed and made recommendations to the Board on the remuneration packages of the Directors and Senior Management in line with market standards for companies in the industry which the Group belongs to, determined the policy for the remuneration of Executive Directors, assessed performance of Executive Directors and approved the terms of Executive Directors' service contracts.

### Training and Support for Directors

The Company recognises the importance of keeping the Directors updated with latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory requirements and environment for such listed company. To meet this goal, each newly appointed Director would receive an introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Company would also provide regular updates in relation to the latest developments regarding Listing Rules and other applicable regulations.

During the year ended 31 December 2024, the Directors had participated in the following types of continuous professional development:

	Type of continuous professional development
<b>Executive Directors</b>	
Mr. Zhang Jianming	A and B
Mr. Zhang Bin	A and B
Mr. Zhang Jianfeng	A and B
Mr. Chen Weiqun	A and B
Ms. Chen Lu	A and B
<b>Non-executive Directors</b>	
Mr. Guo Mingguang	A and B
Mr. Liu Jianbo	A and B
<b>Independent Non-executive Directors</b>	
Mr. Lou Baijun	A and B
Mr. Guo Yonghui	A and B
Ms. Yu Junxian	A and B
Mr. Lo Chi Chiu	A and B

Note:

- A: attending seminars and/or in-house trainings relating to duties of directors of listed companies
- B: reading guidance notes and updates relating to regulatory requirements for listed companies and obligations of directors



# Corporate Governance Report

## Risk Management, Internal Control and Corporate Governance

The Board has overall responsibility for the establishment, maintenance and annual review of the Group's risk management, system of internal control and corporate governance. For the year ended 31 December 2024, the Board has conducted a review with the management of the effectiveness of the risk management and internal control systems and corporate governance of the Company and its subsidiaries and considered that the risk management and internal control systems and corporate governance measures are effective and adequate.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of risk management and internal control systems. The Company has developed and adopted different risk management procedures and guidelines with a clear division of power and responsibility. The Company would conduct self-assessment each year to confirm that all departments and the Company have properly complied with the risk management and internal control policy and review the effectiveness of the risk management and internal control systems.

During the year, all departments have conducted regular internal control evaluation to identify risks with potential impact on the Group's business and other aspects including major operational and financial procedures, regulatory compliance and information security. The management with the leader of the department would evaluate the chance of risk occurrence to provide response plan and monitor the progress of risk management.

During the year, the internal control department has reviewed important issues including major operational policies and regulatory compliance and provided its findings and recommendations to the Company for improvement. No significant area of concern that may affect the business, major operation and financial procedures, regulatory compliance and information security and risk management of the Group has been identified.

The Company has adopted an anti-corruption policy to govern acceptance of advantages by employees and directors and a whistleblowing policy to provide guidance to employees and external stakeholders to report concerns about any suspected or actual improprieties relating to the Group.

## Handling and dissemination of inside information

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information and has adopted a policy on disclosure of inside information of the Group. The handling and dissemination of inside information of the Group is strictly controlled and remains confidential including but not limited by the following ways:

1. Restricting access to inside information to a limited number of employees on a need-to-know basis;
2. Reminder to employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;
3. Ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations or dealings with third parties;
4. Inside information is handled and communicated by designated persons to outside third parties; and
5. The Board and the Senior Management to review the safety measures regularly to ensure that inside information is properly handled and disseminated.

## Corporate Governance Functions

The Board is responsible for performing the corporate governance duties including developing and reviewing the Company's policies and operation on corporate governance and making recommendations; reviewing and monitoring the training and continuous professional development of Directors and Senior Management; reviewing and monitoring the Company's policies and operation on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors; and reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix C1 to the Listing Rules. The Board has performed the above duties during the year.

# Corporate Governance Report

## Internal Audit

The Group has set up an internal control department since 2012 to support the Board in its maintenance and review of the Group's risk management and internal control systems. The internal control department is a department independent from other departments inside the Group and directly reports to the Executive Directors of the Company. Its main roles include the followings:

1. to monitor the different business units and subsidiaries of the Group in their compliance with internal guidelines, policies and procedures covering budget, financial reporting, procurement, risk management etc.;
2. to make recommendations on risk control procedures to the management to address risks identified in the business operations of the Group;
3. to support and monitor the Group's compliance with laws and regulations relevant to its operations; and
4. to assist the Audit Committee of the Company in its work.

## Directors' and Auditor's Acknowledgement

The Board acknowledges its responsibility for preparing the accounts of the Company which are in compliance with statutory requirements and applicable accounting standards. The management provides all relevant information and records to the Board, which enables it to prepare the accounts and to make a clear and balanced assessment of the Company's financial position and prospects. The statement of the auditor of the Company on its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 49 to 50 of this annual report.

## Auditor's Remuneration

During the year ended 31 December 2024, the external auditors of the Company charged RMB2.23 million for audit services.

## Company Secretary

The Company has engaged Fair Wind Secretarial Services Limited, external service provider, and Ms. Lee Ka Man ("Ms. Lee") has been appointed as the company secretary of the Company in 2019. Ms. Lee is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She has over 18 years of experience in the fields of company secretarial and compliance. Ms. Lee's primary contact at the Company is Mr. Dai Feng, General Counsel of the Company. During the year ended 31 December 2024, Ms. Lee has taken no less than 15 hours of relevant professional trainings to update her skills and knowledge. All directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

## Dividend Policy

The Board has established a Dividend Policy setting out the principles and guidelines that the Company intends to apply when considering the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In deciding whether to propose dividends, and in determining the dividend amount, the Board shall take into account, *inter alia*: (i) the Group's unappropriated profits/earnings and the impact on the Group's long term earning capacity; (ii) the Group's results of operations, earnings performance, cash flows, financial condition, future prospects, statutory and regulatory restrictions on the payment of dividends; and (iii) any other factors that the Board considers relevant. The Company is subject to the Articles of Association of the Company and all applicable laws (including the Companies Act), rules and regulations, during declaration and payment of dividends to shareholders of the Company. The dividend policy will be reviewed periodically and when necessary in light of changes in circumstances and regulatory requirements. There is no assurance that a dividend will be proposed or declared in any specific periods.

## Investor Relations and Shareholders' Communication

The Company continues to pursue a proactive policy of promoting investor relations and communications by conducting analysts' briefings, road shows, participating in investors' conferences and making corporate presentations during the conferences, arranging company visits to the Company and maintaining regular meetings with institutional shareholders and analysts. The Company's annual general meeting provides

## Corporate Governance Report

a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders at least 20 business days before the meeting and will also be made available on the Stock Exchange's website. The Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meeting. All votings at the annual general meeting will be conducted by poll and poll results will be posted on the website of the Stock Exchange on the business day following the annual general meeting. As a channel to further promote effective communication, the Company maintains a website ([www.haitianinter.com](http://www.haitianinter.com)) to disseminate the Company's announcements and other relevant financial and non-financial information electronically on a timely basis.

The annual general meeting for the year ended 31 December 2024 was held on 16 May 2024, an extraordinary general meeting was held on 16 December 2024 and the attendance record of the Directors at the meetings is set out below:

### Attendance

	AGM	EGM
<b>Executive Directors</b>		
Mr. Zhang Jianming ( <i>Chairman</i> )	1/1	1/1
Mr. Zhang Bin ( <i>Chief Executive Officer</i> )	1/1	1/1
Mr. Zhang Jianfeng	1/1	1/1
Mr. Chen Weiqun	1/1	1/1
Ms. Chen Lu	1/1	1/1
<b>Non-executive Directors</b>		
Mr. Guo Mingguang	1/1	1/1
Mr. Liu Jianbo	1/1	1/1
<b>Independent Non-executive Directors</b>		
Mr. Lou Baijun	1/1	1/1
Mr. Guo Yonghui	1/1	1/1
Ms. Yu Junxian	1/1	1/1
Mr. Lo Chi Chiu	1/1	1/1

## Shareholders' Rights

The Board has adopted a Shareholders' Communication Policy in 2022 which sets out the Group's commitment of maintaining an effective ongoing dialogue with shareholders. In summary, the Company establishes different communication channels with shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the company website; (iii)

holding of annual general meetings to provide a platform for shareholders to raise comments and exchange views with the Board; and (iv) arrangement in serving the shareholders in respect of all share registration matters. The Board reviewed the validity of implementation of the Shareholders' Communication Policy during the year and considered that it remained effective in enhancing timely, transparent, accurate and open communication between the Company and the shareholders.

### How shareholders can convene an extraordinary general meeting

Any one or more shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to make a written requisition to the Board or the Company Secretary to convene an extraordinary general meeting pursuant to article 58 of the Company's Articles of Association. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the shareholder(s) who make the requisition may convene the extraordinary general meeting.

### Procedures by which enquiries regarding business or operation of the Company can be made

Shareholders can contact the Investor Relations Department for enquiries in relation to the business or other operations of the Company. The contact information of the Investor Relations Department is set out in the section headed "Investor Information" on page 19 of this annual report. Shareholders are also encouraged to attend the annual general meeting of the Company to express their view and make enquiries on the business or operation of the Company.

### Procedures for putting forward proposals at general meeting

There are no provisions under the Company's Articles of Association or the Companies Act (2022 Revision) of the Cayman Islands as amended, consolidated or otherwise modified from time to time (the "Companies Act") governing shareholder's rights to put forward proposals at an annual general meeting. Shareholders who wish to put forward proposals may however follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

# Corporate Governance Report

## Stock Ownership Policy

The Board established the Stock Ownership Policy for the Non-executive Directors on 22 March 2022.

The terms of the Stock Ownership Policy are as follows:

### 1. Ownership Requirements

Under the Stock Ownership Policy, each Non-executive Director is expected to hold shares of the Company at least equal to the aggregate number of shares (including but not limited to options or shares granted but not vested) awarded to the Non-executive Director by the Company during the three-year period ending on any given date of determination. For the avoidance of doubt, all Directors shall comply with the stock ownership guidelines published by the Stock Exchange.

### 2. Shares Counted Towards the Ownership Requirements

The following shares of the Company will be counted towards the ownership requirements:

- (a) Shares beneficially owned; and
- (b) Stock options, restricted stock or restricted stock units, including options or shares granted but not vested.

### 3. Transition Rules of the Stock Ownership Policy

Existing Non-executive Directors shall comply with the Stock Ownership Policy starting from 1 January 2022. Newly appointed Non-executive Directors will have three years from the date of appointment to satisfy the requirements. If a Non-executive Director fails to comply with the requirements, he or she will have twelve (12) months to achieve the required level of ownership. The Nomination Committee of the Company will review each Non-executive Director's compliance with the stock ownership requirements annually. The Nomination Committee of the Company has the authority to review and alter the terms of the Stock Ownership Policy as it deems appropriate.

### 4. Enforcement of the Stock Ownership Policy

If a Non-executive Director consistently fails to comply with the stock ownership requirements, the Remuneration Committee of the Company will take such actions as it deems appropriate, including, but not limited to allocating an additional amount of the Non-executive Director's annual compensation to the purchase of stock, or reducing future equity compensation awards.

## Compensation Recovery Policy

The Board established the Compensation Recovery Policy on 22 March 2022 which gives the Remuneration Committee of the Company the discretion to recover or cancel any performance awards (after deduction of taxes paid) that were awarded to a current or former Executive Director as a result of achieving performance targets that would not have been met under the restated results, in the event of any restatement of the Company's financial statements due to material non-compliance with any financial reporting requirements under the Listing Rules.

The Company's recovery authority applies to any performance award received by a current or former Executive Director during the most-recently completed fiscal year immediately preceding the date on which the Company is required to prepare the restatement. Under the terms of the policy, a performance award means any cash or equity-based award that is made, vested or is payable based wholly or in part on the results of a financial reporting measure.

## CONSTITUTIONAL DOCUMENTS

During the year under review, for the purposes of (i) updating and bringing the existing amended and restated memorandum and articles of association of the Company (the "Existing Articles") in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect on 31 December 2023; and (ii) to better align the amendments of the Existing Articles for housekeeping purposes with the provisions of the Listing Rules and the applicable laws of the Cayman Islands, the Company adopted second amended and restated memorandum and articles of association of the Company with effect from 16 May 2024. Save for mentioned above, there was no other changes in constitutional documents of the Company during the year. The second amended and restated memorandum and articles of association of the Company has been published on the websites of the Stock Exchange and the Company.

**Efficiency**



**REPORT OF  
THE DIRECTORS**



## Report of the Directors

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2024.

### Principal Activities and Business Review

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 7 to the financial statements. An analysis of the Group's performance for the year by business segments and geographical segments are set out in note 24 to the financial statements.

Further discussion and analysis on the activities of the Group, including review of its businesses, discussion of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's businesses can be found in the Chairman's Statements as set out on pages 4 to 8 of the annual report. Review of the Group's financial key performance can be found in the Financial Review section in CEO's Report as set out on pages 9 to 12. These discussions form part of this Report of the Directors.

### Environmental Policies and Performance

The Group's environmental policies are driven towards two main targets, namely compliance with environmental related laws and regulations and additional measures to protect the environment in the area of energy-saving and waste reduction. For compliance with laws and regulations, the Group's major production facilities are located in China and there is a specific team inside the Group to continuously monitor the regulatory requirements and the Group's compliance with such requirements. The Group also engaged professional experts to conduct analysis of energy efficiency and waste generation in its operation and provide recommendations for area which can be improved. The Board believes that the Group has complied with environmental related laws and regulations in China and adopted additional measures which enhanced the energy efficiency and reduced waste production in its operation. Please refer to the "Summary of the Environmental, Social and Governance Report" on pages 20 to 21 for details of the Group's environmental policies and performance.

### Compliance with Laws and Regulations

The Board considers compliance with laws and regulations an important element in the business operation of the Group. The Group's major production facilities and over half of its sales are located and generated in China and compliance with domestic laws and regulations in China is particularly important. The Group has specific personnel to handle and update compliance works in China and they also have the assistance from external legal advisors. With the Group's continuous expansion into overseas markets and setting up of local entities in overseas countries, the exposure to foreign laws and regulations is increasing and the management of the Group is well aware of the compliance risk involved. Local external legal and other professional experts are engaged from the stage of establishment and continuous advice is sought before and during business operation in such overseas countries. The Board considers that the Group's compliance with laws and regulations in both China and overseas countries is well monitored.

### Results and Appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 53. The directors declared the payment of a second interim dividend of HK73 cents per share, totalling approximately RMB1,074.69 million. It constitutes a total dividend of HK73 cents per share for the full year.

## Report of the Directors

### Closure of Register of Members

The register of members of the Company will be closed on 1 April 2025 whereby no transfer of shares will be registered. In order to qualify for the second interim dividend, all properly completed shares transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 31 March 2025.

The register of members of the Company to attend the AGM will be closed from 12 May 2025 to 16 May 2025 (both days inclusive). In order to be eligible to attend the forthcoming annual general meeting (the "AGM"), all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 9 May 2025, for registration.

### Key Relationships with Employees, Customers and Suppliers and Others

The Group offers comprehensive and competitive remuneration and benefits, based on the principle of "fairness and timely adjustment". Competitive salaries are offered to attract and retain employees internally. The Group also collects industry compensation data across the labour market to establish a fair, reasonable and competitive compensation system. All employees' compensation includes variable compensation and is linked with their performance and variable compensation is calculated annually and distributed based on the Group's performance assessment plans.

With employee benefits, the Group offers a wide range of non-compensation benefits to all employees, including statutory holidays, statutory benefits, social insurance programmes, and housing provident funds. Paid annual leave, working meals, working uniforms, shuttle buses, dormitories for single employees, affordable housing, public rental housing, monthly sanitation fee, financial aids from the labour union and regular health check-ups are offered to the Group's employees. The Group is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are in compliance with the rules and make contribution to a social insurance scheme in the PRC.

Continuing training development opportunities are also provided to employees of the Group to equip them to deliver their best performance and to achieve corporate goals, such as through the Group's training and career development mechanism of skill training, job rotation development, competency assessment and fair rotation.

Customers' feedback and advice could be taking into account via customer communication channel.

The Group uses suppliers that reflects its values and commitment. The Group has policies and procedures to select suppliers and contractors who share our social, environmental and labour practice standards.

### Key Risks and Uncertainties

#### Foreign Currency Risk

The Group has transactional currency exposure. These exposures mainly arise from the sale of the products to international markets. Such sales were denominated in U.S. dollars or other foreign currencies, while the Group's purchases denominated in U.S. dollars or other foreign currencies accounted for less than 10% of the total purchases.



## Report of the Directors

### Fair Value and Cash Flow Interest Rate Risk

The Group's interest rate risk arises from bank deposits and borrowings. Bank deposits and borrowings at floating interest rates expose the Group to cash flow interest rate risk. The Group has not used any financial instruments to hedge its exposure to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes is set out in note 3 to the financial statements.

### Credit Risk

The Group has policies in place to ensure credit sales are made to customers with an appropriate credit history. Most of the Group's sales are covered by guarantees from distributors, credit arrangement from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 36 months.

### Liquidity Risk

Prudent liquidity risk management implied maintaining sufficient cash and cash equivalents, the availability of funds through adequate amounts of committed credit facilities. The Group's objective is to maintain adequate committed credit facilities to ensure sufficient and flexible funding is available to the Group.

## Charitable Donations

Charitable donations made by the Group during the year amounted to RMB3.72 million.

## Permitted Indemnity

Under the Articles of Association of the Company, the Directors are indemnified and secured harmless out of the assets and profits of the Group from and against all actions, costs, charges, losses, damages and expenses, which they or any of them incur as a result of any act or failure to act in carrying out their functions other than such liability (if any), that they may incur by reason of their own fraud or dishonesty. Such permitted indemnity provision has been in force for the year ended 31 December 2024. The Group has arranged appropriate liability insurance coverage for the Directors.

## Reserves

Movements in the reserves of the Group and of the Company during the year are set out in notes 18 and 36 to the financial statements, respectively.

## Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 5 to the financial statements.

## Share Capital

Details of the movements in share capital of the Company are set out in note 17 to the financial statements.

# Report of the Directors

## Distributable Reserves

The Company's reserves available for distribution represent the share premium, contributed surplus and retained earnings which in aggregate amounted to RMB3,789.3 million as at 31 December 2024. Under the Companies Act, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution or payment of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

## Financial Summary

A summary of the results for the year ended and of the assets and liabilities of the Group as at 31 December 2024 and for the previous four financial years are set out on page 140.

## Share Scheme

The Company does not have any existing share scheme as of the date of this annual report.

## Directors

The Directors who held office during the year ended 31 December 2024 and up to the date of this annual report were:

### *Executive Directors*

Mr. ZHANG Jianming (*Chairman*)  
Mr. ZHANG Bin (*Chief Executive Officer*)  
Mr. ZHANG Jianfeng  
Mr. CHEN Weiqun  
Ms. CHEN Lu

### *Non-executive Directors*

Mr. GUO Mingguang  
Mr. LIU Jianbo

### *Independent Non-executive Directors*

Mr. LOU Baijun  
Mr. GUO Yonghui  
Ms. YU Junxian  
Mr. LO Chi Chiu

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Zhang Jianming, Mr. Zhang Jianfeng, Ms. Yu Junxian and Mr. Lo Chi Chiu will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. The Company has received from each Independent Non-executive Director a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

## Report of the Directors

### Directors' Service Contracts

Each of the Executive Directors, has entered into a service contract with the Company for a term of three years, unless terminated by not less than three months' notice in writing served by either party on the other.

Each of the Non-executive Directors, has entered into a service contract with the Company for a term of three years, unless terminated by not less than one month's notice in writing served by either party on the other.

Each of the Independent Non-executive Directors has entered into a service contract with the Company for a term of three years, all of which may also be terminated by either party by giving the other party as least one to three months' written notice.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has entered or has proposed to enter into any service agreement with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### Directors' Interests in Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year except as disclosed under Continuing Connected Transactions stated below and note 35 to the financial statements.

### Director's Right to Acquire Shares or Debentures

Save as disclosed in the annual report, at no time during the year of 2024 and up to the date of this annual report were rights to acquire benefits by means of acquisition of shares in or debentures of the Group granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was any member of the Group a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### Biographical Details of and Remunerations to Directors and Senior Management

Brief biographical details of the Directors and Senior Management are set out on pages 14 to 18.

For details of the remunerations paid to the Directors, please refer to note 37 of the financial statements.

During the year ended 31 December 2024, total remunerations paid to members of Senior Management (who are not directors) are as follows:

	Year ended 31 December 2024 RMB'000
Salaries and discretionary bonus	9,438
Pension costs and mandatory provident fund contributions	107
	9,545

## Report of the Directors

The remunerations of the Senior Management (excluding the Directors) are within the following bands:

	Number of individuals
Nil to RMB3,000,000	6

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2024, the Directors and Chief Executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

### Long position in shares and underlying shares of the Company

Name of Director	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding in the Company
Mr. Zhang Jianming	Corporate Interest <sup>(1)</sup>	527,940,219	33.08%
	Corporate Interest <sup>(2)</sup>	3,123,000	0.20%
Mr. Liu Jianbo	Corporate Interest <sup>(2)</sup>	470,000	0.03%
Mr. Guo Mingguang	Corporate Interest <sup>(2)</sup>	100,000	0.01%
	Spouse Interest <sup>(3)</sup>	177,000	0.01%
Mr. Chen Weiqun	Corporate Interest <sup>(2)</sup>	250,000	0.02%

Notes:

- (1) Mr. Zhang Jianming was deemed under the SFO to be interested in 292,818,000 shares of the Company held by Premier Capital and 235,122,219 shares of the Company held by Cambridge Management, respectively.
- (2) These Directors were deemed under the SFO to be interested in the respective shares of the Company held by their wholly-owned investment holding companies.
- (3) Ms. Zhang Xiaofei, spouse of Mr. Guo Mingguang, beneficially owned 177,000 shares of the Company.

## Report of the Directors

### Interests and Short Positions of Shareholders

As at 31 December 2024, the persons or corporations (not being a Director or Chief Executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name of Shareholder	Capacity/Nature of interest	Total number of Shares	Approximate percentage of shareholding
Sky Treasure Capital Limited	Beneficial owner	433,888,453 (L)	27.18%
Premier Capital Management Pte. Ltd.	Beneficial owner	292,818,000 (L)	18.35%
Cambridge Management Consultants (PTC) Ltd.	Beneficial owner	235,122,219 (L)	14.73%
UBS Trustees (B.V.I.) Limited	Trustee <sup>(1)</sup>	433,888,453 (L)	27.18%

(L) denotes a long position

Note:

(1) UBS Trustees (B.V.I.) Limited, as the trustee of several trusts, is deemed to be interested in the shares held by Sky Treasure Capital Limited.

Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person or corporation having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

### Management in Transactions, Arrangements and Contracts

During the year, the Company did not enter into any transaction, arrangement and contract in respect of the management or administration of the entire business or any significant business of the Group nor any such contract subsisting.

### Major Customers and Suppliers

During the year, sales to the five largest customers and purchases from the five largest suppliers of the Group accounted for less than 30% of the Group's total sales and total purchases, respectively, for the year. Save as disclosed under the section headed "Continuing Connected Transactions" below, none of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers at all times.

The Group places great emphasis on a long-term and stable relationship with its customers and suppliers for the continuous success and growth of its business. As a market leader in the plastic injection moulding machinery industry, the Group has an extensive sales network across China and exports to over 130 countries worldwide and to manage such network requires a close working relationship with our customers directly and through distributors, agents and other business partners. The Group's continuous effort to build trust and emphasise mutual benefits with its customers and suppliers has contributed to the long-term relationships with them.

### Equity-Linked Agreements

The Group has not entered into any equity-linked agreement for the year ended 31 December 2024.

### Significant Investments

During the year ended 31 December 2024, the Group had no significant investments.

## Report of the Directors

### Future Plans for Material Investments or Capital Assets and Expected Sources of Funding

The Company has no specific future plans for material investments or capital assets as at 31 December 2024.

### Controlling Shareholders' Interest

No contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholders (as defined in the Listing Rules) or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

### Competing Business

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2024.

Each member of Ningbo Haitian Enterprise Management Co., Ltd. (寧波海天企業管理有限公司) ("Haitian Management") (as defined in the prospectus of the Company dated 11 December 2006), if applicable, has confirmed to the Company that he/she has complied with the non-competition undertaking as disclosed in the prospectus of the Company dated 11 December 2006.

### Continuing Connected Transactions

Certain related party transactions as disclosed in note 35 to the financial statements also constituted continuing connected transactions under the Listing Rules which are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and are ongoing for which relevant announcements, if required under Chapter 14A of the Listing Rules, had been made by the Company.

#### Purchase of Servo Systems and Components

On 21 November 2014, the Group entered into a purchase framework agreement with Ningbo Haitian Driving System Co., Ltd. (寧波海天驅動有限公司) ("HDS") relating to the purchase of servo systems (the "2014 Framework Agreement"), linear motion guides, ball screws and hydraulic parts for a term of three years commencing from the 1 January 2015 and ended on 31 December 2017, whereby the Group agreed to purchase these systems and components from HDS and its related companies at the price no less favourable than the terms at which HDS offers to independent third parties for the same or similar products. As the 2014 Framework Agreement has expired in 31 December 2017, the Company has entered into a purchase framework agreement with HDS (the "2018 Framework Agreement") on 26 January 2018, with a term of three years commencing from 1 January 2018 to 31 December 2020. Since the 2018 Framework Agreement has expired on 31 December 2020, the Company has entered into a purchase framework agreement with HDS (the "2021 Framework Agreement") on 27 November 2020, with a term of three years commencing from 1 January 2021 to 31 December 2023. Since the Company anticipates that the amount of relevant annual caps of the purchases under the 2021 Framework Agreement for the three years ended 31 December 2021, 2022 and 2023 will not be sufficient to meet the demand of the Group. Accordingly on 10 September 2021, the Company has entered into a supplemental agreement (the "2021 Supplemented Agreement") with HDS to revise the annual caps. Save for the revised annual caps, all terms and conditions of the 2021 Framework Agreement remain unchanged. Since the 2021 Framework Agreement and the 2021 Supplemented Agreement expired on 31 December 2023, the Company has entered into a purchase framework agreement with HDS (the "2024 Framework Agreement") on 10 November 2023, with a term of three years commencing from 1 January 2024 to 31 December 2026. Since the Company anticipates that the amount of relevant annual caps of the purchases under the 2024 Framework Agreement for the three years ended 31 December 2024, 2025 and 2026 will not be sufficient to meet the demand of the Group. Accordingly, on 6 November 2024, the Company has entered into a supplemental agreement (the "2024 Supplemental Agreement") with HDS to revise the annual caps. Save for the Revised Caps, all terms and conditions of the 2024 Framework Agreement shall remain unchanged. HDS was an associate of Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo, each of them a Director of the Company and therefore is a connected person of the Company by virtue of Rule 14A.07 of the Listing Rules.

For the year ended 31 December 2024, the revised annual cap is RMB1,140 million and the Group's actual purchase of these systems and components from HDS and its related companies amounted to RMB1,072.4 million.

## Report of the Directors

### Purchase of Smart Solution Products and Services

On 29 October 2021, the Group entered into a purchase framework agreement with Ningbo Haitian Smart Solutions Technology Co., Ltd. (寧波海天智聯科技有限公司) (“Haitian Smart Solutions”) relating to the purchase of the smart solution products and services (the “2021 Smart Solutions Framework Agreement”) for a term commencing from 29 October 2021 to 31 December 2023. Since the 2021 Smart Solutions Framework Agreement has expired on 31 December 2023, the Company has entered into a purchase framework agreement with Haitian Smart Solutions (the “2024 Smart Solutions Framework Agreement”) on 18 December 2023, with a term of three years commencing from 1 January 2024 to 31 December 2026. Since the Company anticipates that the amount of relevant annual caps of the purchases under the 2024 Smart Solutions Framework Agreement for the three years ended 31 December 2024, 2025 and 2026 will not be sufficient to meet the demand of the Group. Accordingly, on 16 December 2024, the Company has entered into a supplemental agreement (the “2024 Smart Solutions Supplemental Agreement”) with Haitian Smart Solutions to revise the annual caps. Save for the Revised Caps, all terms and conditions of the 2024 Smart Solutions Framework Agreement shall remain unchanged. Haitian Smart Solutions is an associate of Mr. Zhang Jianming and Mr. Zhang Bin, each of them a Director of the Company and therefore is a connected person of the Company by virtue of Rule 14A.07 of the Listing Rules.

For the year ended 31 December 2024, the annual cap is RMB460 million and the Group’s actual purchase of these products and services from Haitian Smart Solutions amounted to RMB433.7 million.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the agreement entered into on terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its conclusions in respect of the continuing connected transactions disclosed by the Group on page 41 to 42 of the annual report in accordance with Rule 14A.56 of the Listing Rules.

### Connected Transactions

#### Purchase of CNC turning machines and machining centres

For the year ended 31 December 2024, the Group purchased automatic processing line, CNC turning machines, machining centres and related equipment from Ningbo Haitian Precision Machinery Co., Ltd. (寧波海天精工股份有限公司) (“Haitian Precision”) for approximately RMB20.3 million. Such equipment was purchased for processing parts and components for the manufacture of products of the Group. Haitian Precision is an associate of Mr. Zhang Jianming, Mr. Zhang Jianfeng, Mr. Guo Mingguang and Mr. Liu Jianbo, each of them a Director of the Company and therefore is a connected person of the Company. The transaction was carried out pursuant to the machinery equipment purchase agreements entered into with Haitian Precision on 16 December 2024. Please refer to the Company’s announcements dated 16 December 2024 for details of such purchases.

## Report of the Directors

### Other Related Party Transactions

Details of the Company's transactions with other related parties during the financial year ended 31 December 2024 are set out in note 35 of the financial statements.

The transactions with Ningbo Anson CNC Technique Co., Ltd., Ningbo STF Hydraulic Transmissions Co., Ltd., Ningbo Hilectro Precision Machinery Co.,Ltd., Ningbo Haitian Smart Solutions Technology Co., Ltd. were under the continuing connected transactions for purchase of servo systems, linear motion guides, ball screws, hydraulic parts and components and smart solution products and services as described on page 128 of this annual report. The transaction with Haitian Precision was under the connected transaction for the purchase of the automatic processing line, CNC turning machines, machining centres and related equipment as described above.

In addition, for the year ended 31 December 2024, the Group entered into other transactions with other related parties as set out in note 35 of the financial statements. The Group also provided loans to some Directors during such period. All such parties are connected persons of the Company but the relevant transactions were exempted from reporting, announcement and independent shareholders' approval requirements under the Listing Rules.



## Report of the Directors

### Contingent Liabilities

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

### Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year.

### Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

### Purchases, Sale or Redemption of Shares

The Company has not redeemed any of its listed shares during the reporting period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the reporting period.

### Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

### Public Float

As at the date of this annual report, based on information available to the Company and within the knowledge of the Directors, the Company has satisfied the public float as required by the Listing Rules.

### Auditor

PricewaterhouseCoopers ("PwC") resigned as auditor of the Company with effect from 5 November 2024. Ernst & Young was appointed as the new auditor of the Company with effect from 25 November 2024 to fill the casual vacancy following the resignation of PwC.

The financial statements have been audited by Ernst & Young who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Zhang Bin**

*Chief Executive Officer*

17 March 2025

# Independent Auditor's Report



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌  
英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**TO THE SHAREHOLDERS OF  
HAITIAN INTERNATIONAL HOLDINGS LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

## Opinion

We have audited the consolidated financial statements of Haitian International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 139, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 and other 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 ("HKSA") 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.

## Independent Auditor's Report (Continued)

### TO THE SHAREHOLDERS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### Key Audit Matters (Continued)

#### Key audit matter

#### How our audit addressed the key audit matter

##### Provision for impairment of trade and bills receivables

As at 31 December 2024, the Group had trade and bills receivables of approximately RMB4,105 million.

Management applied HKFRS 9 to measuring expected credit losses for all trade and bills receivables.

Management exercised judgement on the recoverability of trade and bills receivables and made estimates of the impairment provision based on the ageing pattern, and credit and settlement history of the relevant counterparties. Management adjusted the historical loss rates by taking the time value of money into consideration and to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables.

We focused on this area due to the significance of the balances of trade and bills receivables and the related provision for impairment, the inherent complexity, and involvement of management's significant judgement and estimates of the provision for impairment.

The accounting estimation and disclosures for trade and bills receivables are included in note 4 (critical accounting estimates and judgements) and note 11 to the consolidated financial statements.

We obtained an understanding of the management's internal control and assessment process of assessing impairment of trade and bills receivables.

We evaluated and tested management's controls in respect of assessing impairment of trade and bills receivables.

We obtained the detailed listings of trade and bills receivables together with the ageing analysis and agreed the balances to the general ledgers for those operating entities which have been identified as significant components to the Group. We tested the ageing analysis on sample basis by checking to relevant supporting documents, including sales invoices, sales contracts, and goods delivery notes.

We obtained the management's expected credit losses assessment along with the historical payment profile and agreed the sales transactions to the sub-ledgers for those operating entities which have been identified as significant components to the Group. We tested the historical payment profile on sample basis by checking bank slips and bank statements. We recalculated the historical loss rate for each time bucket of trade and bills receivables and compared the results to management's calculations.

We inquired with management and evaluated the reasonableness of their judgements on the recoverability of trade and bills receivables, the adequacy of the impairment provision, and adjustments due to the current and forward-looking information by checking subsequent settlements on a sample basis and comparing with market data regarding macroeconomic factors.

We assessed the adequacy of the disclosures related to provision for impairment of trade and bills receivables in the context of HKFRSs.

## Independent Auditor's Report (Continued)

### TO THE SHAREHOLDERS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

### Key Audit Matters (Continued)

#### Key audit matter

#### How our audit addressed the key audit matter

##### Provision for write-down of inventories

As at 31 December 2024, the Group had inventories of approximately RMB4,576 million.

Due to the continual innovation of the Group's products, the net realisable values ("NRVs") of certain finished goods may fall below their costs and certain slow-moving raw materials and work-in-progress with specific useful lives may become obsolete.

Inventories are carried at the lower of cost and NRV in the consolidated financial statements. Provisions were made for those inventories if their NRVs were lower than the costs.

Management assessed the provision for write-down of inventories at the end of each reporting period on an item-by-item basis and identified slow-moving and obsolete inventories, in particular for those items aged over one year.

For finished goods, management estimated the NRV based on the latest market information. For raw materials and work-in-progress which were identified as obsolete and to be disposed of as scrap material, the NRV was determined according to the estimated selling price of the respective scrap material in the recycling market.

We focused on this area due to the significance of the balances of inventories, the high degree of estimation uncertainty about provision for write-down of inventories, and the inherent complexity.

The accounting estimation and disclosures for inventories are included in note 4 (critical accounting estimates and judgements) and note 10 to the consolidated financial statements.

We obtained an understanding of the management's internal control and assessment process of assessing provision for write-down of inventories.

We evaluated and tested internal controls in respect of management's assessment of inventory provision.

We reviewed and evaluated management's assessment of the inventory provision which was supported by the inventory ageing analysis and management's NRV estimation.

We obtained detailed inventory list with the related ageing report of those operating entities which have been identified as significant components to the Group and agreed the balances to the respective sub-ledgers. We performed tests on the inventory ageing on sample basis by checking the relevant supporting documents, including suppliers' invoices and goods received notes. For the estimated NRV of finished goods, we checked on a sample basis the amounts to supporting documents, including the latest sales contracts with customers. For the estimated NRV of raw materials and work-in-progress which were identified as obsolete items, we checked on a sample basis the price quotation from the scrap material recycling market and the calculation of inventory provisions to ensure arithmetical accuracy.

We assessed the adequacy of the disclosures related to provision for write-down of inventories in the context of HKFRSs.

## Independent Auditor's Report (Continued)

### TO THE SHAREHOLDERS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

### Other Information Included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the Chairman's Statements and Chief Executive Officer's Report ("CEO's Report") of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Report of the Directors, the Environmental, Social and Governance Report and the Corporate Governance Report, which are expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

## Independent Auditor's Report (Continued)

### TO THE SHAREHOLDERS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

## 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 HKSA's 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 HKSA's, 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.
- 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.

## Independent Auditor's Report (Continued)

### TO THE SHAREHOLDERS OF HAITIAN INTERNATIONAL HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 Yee Chung Man.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

17 March 2025

# Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	6,611,640	6,061,869
Right-of-use assets	6	766,994	701,521
Investments in associates	8	562,456	549,235
Intangible assets	9	48,538	49,878
Trade and bills receivables	11	399,829	170,406
Other financial assets at amortised cost	12	179,501	194,318
Prepayments and other assets	14	223,073	75,186
Financial assets at fair value through profit or loss	3.3, 15	2,365,634	886,500
Term deposits	16	2,051,307	1,731,302
Deferred income tax assets	23	213,184	210,091
		<b>13,422,156</b>	<b>10,630,306</b>
<b>Current assets</b>			
Inventories	10	4,576,322	3,539,012
Trade and bills receivables	11	3,705,594	3,432,511
Other financial assets at amortised cost	12	292,356	285,301
Prepayments and other assets	14	428,576	219,977
Prepaid income tax		35,872	8,372
Financial assets at fair value through profit or loss	3.3, 15	4,605,836	3,242,687
Derivative financial instruments	13	—	13,512
Restricted bank deposits	16	52,807	68,557
Term deposits	16	1,280,605	2,207,974
Cash and cash equivalents	16	2,745,387	5,445,649
		<b>17,723,355</b>	<b>18,463,552</b>
<b>Total assets</b>		<b>31,145,511</b>	<b>29,093,858</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	17	160,510	160,510
Share premium	18	1,331,913	1,331,913
Other reserves	18	2,335,453	2,374,263
Retained earnings	18	17,017,154	14,949,403
		<b>20,845,030</b>	<b>18,816,089</b>
<b>Non-controlling interests</b>		<b>24,445</b>	<b>26,191</b>
<b>Total equity</b>		<b>20,869,475</b>	<b>18,842,280</b>

## Consolidated Statement of Financial Position (Continued)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	6	56,932	21
Bank borrowings	21	2,011,287	2,502,505
Deferred income	22	21,950	34,397
Deferred income tax liabilities	23	275,341	212,550
		<b>2,365,510</b>	<b>2,749,473</b>
<b>Current liabilities</b>			
Lease liabilities	6	17,915	1,144
Trade and bills payables	19	4,576,533	4,023,120
Accruals and other payables	20	1,948,817	1,759,036
Contract liabilities	20	1,053,889	1,158,200
Current income tax liabilities		291,984	315,671
Bank borrowings	21	—	244,934
Derivative financial instruments	13	21,388	—
		<b>7,910,526</b>	<b>7,502,105</b>
<b>Total liabilities</b>		<b>10,276,036</b>	<b>10,251,578</b>
<b>Total equity and liabilities</b>		<b>31,145,511</b>	<b>29,093,858</b>

The accompanying notes on pages 57 to 139 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors of the Company on (the "Board") 17 March 2025 and were signed on its behalf by:

**Zhang Jianming**  
Director

**Zhang Bin**  
Director

# Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	24	16,128,328	13,069,307
Cost of sales	25	(10,892,555)	(8,869,034)
<b>Gross profit</b>		<b>5,235,773</b>	<b>4,200,273</b>
Selling and marketing expenses	25	(1,275,639)	(1,127,044)
General and administrative expenses	25	(1,037,467)	(888,246)
Other income	26	391,062	402,472
Other gains — net	27	220,149	200,641
<b>Operating profit</b>		<b>3,533,878</b>	<b>2,788,096</b>
Finance income	29	243,118	308,165
Finance costs	29	(69,682)	(74,062)
Finance income — net	29	173,436	234,103
Share of profit of associates	8	38,221	14,472
<b>Profit before income tax</b>		<b>3,745,535</b>	<b>3,036,671</b>
Income tax expense	30	(664,238)	(542,026)
<b>Profit for the year</b>		<b>3,081,297</b>	<b>2,494,645</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		3,080,332	2,491,528
Non-controlling interests		965	3,117
		<b>3,081,297</b>	<b>2,494,645</b>
<b>Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)</b>			
— basic and diluted	31	1.93	1.56

The accompanying notes on pages 57 to 139 are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>Profit for the year</b>	<b>3,081,297</b>	2,494,645
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(96,036)	82,347
<b>Total comprehensive income for the year</b>	<b>2,985,261</b>	2,576,992
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	2,984,296	2,573,875
Non-controlling interests	965	3,117
	<b>2,985,261</b>	2,576,992

The accompanying notes on pages 57 to 139 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to shareholders of the Company					Non-controlling interests	Total equity	
	Note	Share capital	Share premium	Other reserves	Retained earnings			Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>		160,510	1,331,913	2,261,593	13,257,101	17,011,117	28,883	17,040,000
<b>Comprehensive income</b>								
Profit for the year		—	—	—	2,491,528	2,491,528	3,117	2,494,645
<b>Other comprehensive income</b>								
Currency translation differences		—	—	82,347	—	82,347	—	82,347
<b>Total comprehensive income for the year ended 31 December 2023</b>		—	—	82,347	2,491,528	2,573,875	3,117	2,576,992
<b>Transactions with owners</b>								
Dividend paid								
— 2022 second interim		—	—	—	(768,277)	(768,277)	—	(768,277)
Appropriations		—	—	30,949	(30,949)	—	—	—
Disposal of a subsidiary		—	—	(626)	—	(626)	—	(626)
Capital withdraw by non-controlling interests		—	—	—	—	—	(5,809)	(5,809)
<b>Total transactions with owners</b>		—	—	30,323	(799,226)	(768,903)	(5,809)	(774,712)
<b>Balance at 31 December 2023</b>		160,510	1,331,913	2,374,263	14,949,403	18,816,089	26,191	18,842,280
<b>Balance at 1 January 2024</b>		160,510	1,331,913	2,374,263	14,949,403	18,816,089	26,191	18,842,280
<b>Comprehensive income</b>								
Profit for the year		—	—	—	3,080,332	3,080,332	965	3,081,297
Currency translation differences		—	—	(96,036)	—	(96,036)	—	(96,036)
<b>Total comprehensive income for the year ended 31 December 2024</b>		—	—	(96,036)	3,080,332	2,984,296	965	2,985,261
<b>Transactions with owners</b>								
Dividend paid								
— 2023 second interim	32	—	—	—	(955,355)	(955,355)	—	(955,355)
Dividend paid to non-controlling interests		—	—	—	—	—	(2,711)	(2,711)
Appropriations		—	—	57,226	(57,226)	—	—	—
<b>Total transactions with owners</b>		—	—	57,226	(1,012,581)	(955,355)	(2,711)	(958,066)
<b>Balance at 31 December 2024</b>		160,510	1,331,913	2,335,453	17,017,154	20,845,030	24,445	20,869,475

The accompanying notes on pages 57 to 139 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	33(a)	2,820,451	2,697,941
Interest paid		(63,311)	(75,896)
Income tax paid		(655,737)	(609,454)
Net cash generated from operating activities		2,101,403	2,012,591
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,172,895)	(1,113,871)
Purchase of land use rights		(9,380)	(1,724)
Entrusted loans granted		—	(83,132)
Entrusted loans repayments		41,079	120,880
Acquisition of a subsidiary		—	(104,151)
Interest received from banks		191,632	403,220
Interest received from entrusted loans		2,059	1,972
Proceeds from disposal of property, plant and equipment	33(b)	15,060	236,514
Purchase of financial assets at fair value through profit or loss		(5,617,246)	(5,236,802)
Proceeds from disposal of financial assets at fair value through profit or loss		2,862,652	5,936,291
Net payment of bank deposits with maturities over 3 months		607,364	(838,767)
Disposal of a subsidiary		—	(22,387)
Net cash used in investing activities		(3,079,675)	(701,957)
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	33(c)	840,261	2,531,456
Repayments of bank borrowings	33(c)	(1,578,597)	(1,216,165)
Dividends paid to the Company's shareholders		(955,355)	(768,277)
Dividends paid to non-controlling shareholders		(2,711)	—
Lease payment for right-of-use assets excluding land use rights	33(c)	(25,588)	(2,845)
Net cash (used in)/generated from financing activities		(1,721,990)	544,169
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,700,262)</b>	<b>1,854,803</b>
Cash and cash equivalents at beginning of year	16	5,445,649	3,590,846
<b>Cash and cash equivalents at end of year</b>	16	<b>2,745,387</b>	<b>5,445,649</b>

The accompanying notes on pages 57 to 139 are an integral part of these consolidated financial statements.

# Notes to Financial Statements

31 December 2024

## 1. General Information

Haitian International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and distribution of plastic injection moulding machines.

The Company was incorporated in the Cayman Islands on 13 July 2006, as an exempted company with limited liability under the Companies Act of Cayman Islands. The Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Directors consider there is no ultimate holding company as at 31 December 2024. Mr. Zhang Jingzhang, a former Director, and Mr. Zhang Jianming, the chairman of the Board and an executive Director, are the ultimate controlling parties of the Company.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 December 2006.

These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand, unless otherwise stated. They have been approved for issue by the Company’s Board on 17 March 2025.

## 2. Summary of Material and Other Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are set out in 2.1-2.10 below, other accounting policies are set out in 2.11. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) as issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRSs comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments) at fair value through profit or loss (“Financial assets and liabilities at FVPL”).

# Notes to Financial Statements (Continued)

31 December 2024

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.1 Changes in accounting policies

(a) Amended standards adopted by the Group

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

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>	1 January 2024
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>	1 January 2024
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024

The amendments listed above did not have any impact on the amounts recognised in current or prior periods and are not expected to significantly affect the future periods.

# Notes to Financial Statements (Continued)

31 December 2024

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.1 Basis of preparation (Continued)

#### 2.1.1 Changes in accounting policies (Continued)

##### (b) New standards and amendments not yet adopted

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.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
HKFRS 19	<i>Subsidiaries without Public Accountability Disclosures</i>	1 January 2027
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i>	1 January 2025
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i>	1 January 2026

<sup>1</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

The Group considers the application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and additional disclosure will be included in the financial statements. Except for HKFRS 18 the Group considers these new and revised HKFRSs are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

# Notes to Financial Statements (Continued)

31 December 2024

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.2 Revenue recognition

The Group manufactures and sells plastic injection moulding machines and related products in market. Sales are recognised when control of the products has transferred, being when either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The product is often sold with retrospective volume discounts based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, which doesn't have significant financing component. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in accruals and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. And for contracts which the term between goods delivery and payment exceed one year, the Group has assessed the amount of financing component within the contract price which is immaterial to the financial statements.

For certain contracts, the Group receives some portion of contract price in advance which is recognised as contract liabilities.

The warranties provided by the Group cannot be purchased by the customers separately. Such warranties are intended to safeguard the customers against existing defects and does not provide any incremental services to the customers. As a result, these warranties are accounted for in accordance with HKAS 37 (Note 2.11.13) of which the estimated costs are recorded as a liability when the Group transfers the product to the customer.

### 2.3 Subsidiaries

#### 2.3.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.3 Subsidiaries (Continued)

#### 2.3.1 Consolidation (Continued)

##### (a) Business combinations and goodwill

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.3 Subsidiaries (Continued)

#### 2.3.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'other gains — net'.

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.4 Foreign currency translation (Continued)

#### (d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

### 2.5 Property, plant and equipment

Construction-in-progress represents buildings, plant and machinery under construction or pending installation is stated at cost less accumulated impairment losses. Cost includes the costs of construction and acquisition. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Freehold land is stated at cost less accumulated impairment losses, if any. Cost represents consideration paid for the purchase of the land. Freehold land is not subject to depreciation.

Other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

# Notes to Financial Statements (Continued)

31 December 2024

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.5 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the cost less impairment loss (if any) of the assets, other than freehold land and construction-in-progress, to their residual value over their estimated useful lives:

	Estimated useful lives	Residual value
Freehold land	Not depreciation	N/A
Buildings	20-50 years	5%
Plant and machinery	10-15 years	5%
Vehicles (i)	5/20 years	5%
Office equipment	3-5 years	5%

(i) The depreciation period of main vehicles is 5 years and of certain vehicle is 20 years according to the estimated useful life.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11.5).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains — net', in the consolidated statement of profit or loss.

### 2.6 Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 11 for further information about the Group's accounting for trade receivables and note 3.1(c) for a description of the Group's impairment policies.

### 2.7 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.8 Investments and other financial assets

#### 2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.8 Investments and other financial assets (Continued)

#### 2.8.4 Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the Group's asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains — net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income (FVOCI) are measured as financial assets at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains — net in the period in which it arises.

#### 2.8.5 Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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).

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.8 Investments and other financial assets (Continued)

#### 2.8.5 Impairment (Continued)

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

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

For trade and bills receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(c) and note 11 for further details.

### 2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### 2.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies

#### 2.11.1 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any exceeds of the cost of the associate over the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in reserves is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of an associate' in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

#### 2.11.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions. The executive committee comprises all executive directors and senior management.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.3 Land use rights

Most of the land use rights are located in the People's Republic of China (the "PRC"), except for the two locating in Vietnam and India. All land in the PRC is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights, which are amortised over the lease periods using the straight-line method. The land use rights are stated at historical cost less accumulated amortisation and impairment losses.

#### 2.11.4 Intangible assets

##### (a) Goodwill

Goodwill is measured as described in note 2.3 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 24).

##### (b) Licences and other intangible assets

Acquired licences and other intangible assets are shown at historical cost. Licences and other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

##### (c) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Licences and other intangible assets 10 years

#### 2.11.5 Impairment of investments in subsidiaries, associates and non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### 2.11.7 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments* and;
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

#### 2.11.8 Share capital

Ordinary shares are classified as equity (note 17).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### 2.11.10 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.11 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries or regions where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

##### (b) Deferred income tax

###### Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

###### Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

##### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.12 Employee benefits

Group companies operate various defined contribution retirement benefit schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For the year ended 31 December 2024, there was no forfeited contribution under the above-mentioned defined contribution schemes. As at 31 December 2024, no forfeited contribution was available to reduce the contributions payable in future years.

#### 2.11.13 Provisions

Provisions for legal claims, product warranty and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

#### 2.11.14 Government grants

Government grants are recognised at their fair value, when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are recognised in the consolidated statement of profit or loss on a straight-line basis over periods and in the proportions in which depreciation on these assets is charged.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.15 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using incremental borrowing rate which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date. Depreciation on right-of-use assets is calculated using the straight-line method to allocate their cost to their residual values over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

# Notes to Financial Statements (Continued)

31 December 2024

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.15 Leases (Continued)

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

#### 2.11.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

#### 2.11.17 Interest income

Interest income is presented as finance income where it is earned from bank deposits, entrusted loans (2023: bank deposits, entrusted loans).

#### 2.11.18 Earnings per share

##### (i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

##### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 2. Summary of Material and Other Accounting Policies (Continued)

### 2.11 Other accounting policies (Continued)

#### 2.11.19 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.

## Notes to Financial Statements (Continued)

31 December 2024

### 3. Financial Risk Management

#### 3.1 Financial risk factors

##### (a) Foreign exchange risk

The Group mainly operates in Mainland China. The functional currency of the Company and most of its subsidiaries is RMB. Most of the Group's transactions, assets and liabilities are denominated in RMB, United States dollars ("USD") and Euro ("EUR"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, such as trade receivables, restricted bank deposits, term deposits, and cash and cash equivalents, other financial assets at amortised cost, financial assets at fair value through profit or loss and trade payables, etc.

##### Exposure

The Group's major exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	31 December 2024		
	USD RMB'000	EUR RMB'000	Others RMB'000
Restricted bank deposits, term deposits, and cash and cash equivalents	1,905,184	329,675	201,548
Trade receivables	722,691	197,662	—
Other financial assets at amortised cost	—	—	229,544
Financial assets at fair value through profit or loss	1,275,870	—	—
Trade payables	(3,954)	(16,622)	(12,122)
<b>Total</b>	<b>3,899,791</b>	<b>510,715</b>	<b>418,970</b>

	31 December 2023		
	USD RMB'000	EUR RMB'000	Others RMB'000
Restricted bank deposits, term deposits, and cash and cash equivalents	2,823,014	455,829	65,221
Trade receivables	722,185	177,146	—
Other financial assets at amortised cost	—	—	235,057
Financial assets at fair value through profit or loss	329,602	—	—
Bank borrowings	—	—	(32,341)
Trade payables	(5,316)	(23,497)	(15,125)
<b>Total</b>	<b>3,869,485</b>	<b>609,478</b>	<b>252,812</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Foreign exchange risk (Continued)

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss:

	2024 RMB'000	2023 RMB'000
Other gains — net	54,764	16,100
Finance (costs)/income — exchange (losses)/gains	(4,210)	28,793
	<b>50,554</b>	<b>44,893</b>

As at 31 December 2024, if RMB had strengthened/weakened by 5.0% (2023: 5.0% strengthened/weakened) against the USD with all other variables held constant, the profit before income tax for each year would have changed mainly as a result of foreign exchange gains/losses on translation of USD denominated restricted bank deposits, term deposits, and cash and cash equivalents, trade receivables, financial assets at fair value through profit or loss and trade payables. Details of the changes are as follows:

	2024 RMB'000	2023 RMB'000
For the year ended:		
Profit before income tax (decrease)/increase		
— Strengthened by 5.0% (2023: 5.0%)	(194,990)	(193,474)
— Weakened by 5.0% (2023: 5.0%)	194,990	193,474

As at 31 December 2024, if RMB had strengthened/weakened by 5.0% (2023: 5.0% strengthened/weakened) against the EUR with all other variables held constant, the profit before income tax for each year would have changed mainly as a result of foreign exchange gains/losses on translation of EUR denominated restricted bank deposits, term deposits, and cash and cash equivalents, trade receivables and trade payables. Details of the changes are as follows:

	2024 RMB'000	2023 RMB'000
For the year ended:		
Profit before income tax (decrease)/increase		
— Strengthened by 5.0% (2023: 5.0%)	(25,536)	(30,474)
— Weakened by 5.0% (2023: 5.0%)	25,536	30,474

# Notes to Financial Statements (Continued)

31 December 2024

## 3. Financial Risk Management (Continued)

### 3.1 Financial risk factors (Continued)

#### (a) Foreign exchange risk (Continued)

##### Amounts recognised in profit or loss and other comprehensive income (Continued)

As at 31 December 2024, if RMB had strengthened/weakened by 5.0% (2023: 5.0% strengthened/weakened) against the other currencies with all other variables held constant, the profit before income tax for each year would have changed mainly as a result of foreign exchange gains/losses on translation of other currencies denominated restricted bank deposits, term deposits, and cash and cash equivalents, other financial assets at amortised cost and trade payables. Details of the changes are as follows:

	2024 RMB'000	2023 RMB'000
For the year ended:		
Profit before income tax (decrease)/increase		
— Strengthened by 5.0% (2023: 5.0%)	(20,949)	(12,641)
— Weakened by 5.0% (2023: 5.0%)	20,949	12,641

#### (b) Fair value and cash flow interest rate risk

The Group's interest rate risk arises from bank deposits and borrowings. Bank deposits and borrowings at floating interest rates expose the Group to cash flow interest rate risk.

The Group has not used any financial instruments to hedge its exposure to cash flow interest rate risk.

The exposure of the Group's borrowings to interest rate changes and the contractual repayment dates of the borrowings at the end of the reporting period are set out in note 21.

At 31 December 2024, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the net profit for the year would have been approximately RMB3,562,000/RMB3,562,000 (2023: RMB469,000/RMB469,000) lower/higher as a result of higher/lower interest expenses on floating rate borrowings.

#### (c) Credit risk

The Group has policies in place to ensure credit sales are made to customers with an appropriate credit history. Most of the Group's sales are covered by guarantees from distributors, credit arrangement from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 36 months.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables from initial recognition.

To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics and ageing.

## Notes to Financial Statements (Continued)

31 December 2024

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 and 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the credit rating by country in which it sells its goods to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowances as at 31 December 2024 and 31 December 2023 were determined as follows for trade and bills receivables:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	More than 3 years RMB'000	Total RMB'000
<b>31 December 2024</b>					
Gross carrying amount — trade and bills receivables	3,804,605	333,972	68,426	33,825	4,240,828
Expected loss rate	0.95%	9.26%	50.18%	100.00%	3.19%
Loss allowance	36,327	30,920	34,333	33,825	135,405
<b>31 December 2023</b>					
Gross carrying amount — trade and bills receivables	3,294,039	350,670	45,900	20,853	3,711,462
Expected loss rate	0.89%	9.52%	54.09%	100.00%	2.92%
Loss allowance	29,468	33,396	24,828	20,853	108,545

The loss allowances for trade and bills receivables as at 31 December reconcile to the opening loss allowances are disclosed in note 11 to the financial statements.

The Group provides guarantees to certain banks in connection with banking facilities granted to certain customers in connection with their purchases of the Group's plastic injection moulding machines. These customers are introduced by the Group's major distributors, who have provided the Group with counter guarantees.

The Group has policies to place its cash and cash equivalents only with major financial institutions and limits the amount of credit exposure to any financial institution. As at 31 December 2024, all cash and cash equivalents were deposited in state-owned banks and reputable financial institutions and were hence without significant credit risk.

## Notes to Financial Statements (Continued)

31 December 2024

### 3. Financial Risk Management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Credit risk (Continued)

The Group enters into the entrusted loan contracts with various interest rates with third parties. It is shown as other financial asset at amortised cost on the consolidated statement of financial position. There was no recent history of default on the entrusted loans and the loss allowance was assessed to be minimal as at 31 December 2024 and 2023.

##### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funds through adequate amounts of committed credit facilities. The Group's objective is to maintain adequate committed credit facilities to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from 31 December to the contractual maturity date. The amounts disclosed below were the contractual undiscounted cash flows:

	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000
At 31 December 2024			
Bank borrowings (i)	52,783	1,921,799	123,092
Derivative financial instruments	21,388	—	—
Trade and bills payables, and other payables	5,917,593	—	—
Financial guarantee contracts (ii)	286,113	—	—
Lease liabilities	21,170	20,769	40,892
<b>Total</b>	<b>6,299,047</b>	<b>1,942,568</b>	<b>163,984</b>
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000
At 31 December 2023			
Bank borrowings (i)	317,069	462,215	2,110,000
Trade and bills payables, and other payables	5,230,361	—	—
Financial guarantee contracts (ii)	388,885	—	—
Lease liabilities	1,178	21	—
<b>Total</b>	<b>5,937,493</b>	<b>462,236</b>	<b>2,110,000</b>

(i) The interest on borrowings is calculated based on borrowings held as at 31 December 2024 and 2023 without taking into account of future events.

(ii) The balance presents guarantee given to the banks in connection with banking facilities granted to customers.

# Notes to Financial Statements (Continued)

31 December 2024

## 3. Financial Risk Management (Continued)

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2024 and 2023, the Group was in a net cash position (total borrowings were less than the total of restricted bank deposits, term deposits, and cash and cash equivalents).

Consistent with others in the industry, the Group monitors capital (which includes total equity) on the basis of the gearing ratio. This ratio is calculated as net total debt, which includes borrowings and lease liabilities, divided by total equity of the Group as shown in the consolidated statement of financial position.

The gearing ratio was as follows:

	2024 RMB'000	2023 RMB'000
Total debt	2,086,134	2,748,604
Total equity	20,869,475	18,842,280
Gearing ratio	10%	15%

The decrease in the gearing ratio primarily resulted from the decrease of bank borrowings and the increase of accumulated earnings for the year ended 31 December 2024.

The Group had access to borrowing facilities which may be drawn at anytime. Such undrawn facilities amounted to approximately RMB11,939 million as at 31 December 2024 (31 December 2023: RMB10,061 million).

### 3.3 Fair value hierarchy

Financial instruments carried at fair value or where fair value was disclosed can be categorised by levels of the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## Notes to Financial Statements (Continued)

31 December 2024

### 3. Financial Risk Management (Continued)

#### 3.3 Fair value hierarchy (Continued)

The table below presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2024.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Financial assets at FVPL	407,842	4,178,893	2,384,735	6,971,470
Total financial assets	407,842	4,178,893	2,384,735	6,971,470
<b>Liabilities</b>				
Trading derivatives	—	21,388	—	21,388
Total financial liabilities	—	21,388	—	21,388

The table below presents the Group's financial assets that are measured at fair value at 31 December 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Financial assets at FVPL	293,667	533,915	3,301,605	4,129,187
Trading derivatives	—	13,512	—	13,512
Total Financial Assets	293,667	547,427	3,301,605	4,142,699

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

The carrying amounts of non-current financial assets and liabilities approximate to their fair values.

# Notes to Financial Statements (Continued)

31 December 2024

## 3. Financial Risk Management (Continued)

### 3.3 Fair value hierarchy (Continued)

#### (a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### (b) Financial instruments in level 3

The Group invests in a range of high-yield wealth management products, treasury funds, trust plans, and investment funds. These are reflected as financial assets at FVPL on the consolidated statement of financial position. As at 31 December 2024, majority of these investments are bought from the major financial institutions in Mainland China and Singapore, and management has exercised due care when making investment decision.

For determining the fair value of certain financial assets at FVPL, the Group also analyses those financial assets' underlying investment projects, estimates the return by considering its pledged assets.

#### Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at		Valuation technique(s)	Unobservable input	Range (weighted average)		Relationship of unobservable inputs to fair value
	31/12/2024 RMB'000	31/12/2023 RMB'000			2024	2023	
Financial assets at fair value through profit or loss	2,384,735	3,301,605	Discounted cash flow	Expected return rate	2.10%–6.60% (3.48%)	2.50%–7.80% (3.71%)	Higher expected return rate (+50 basis points (bps)) would increase FV by RMB11,924 thousand (2023: RMB16,508 thousand); lower expected return rate (-50bps) would decrease FV by RMB11,924 thousand (2023: RMB16,508 thousand)

# Notes to Financial Statements (Continued)

31 December 2024

## 3. Financial Risk Management (Continued)

### 3.3 Fair value hierarchy (Continued)

#### (c) Valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets at FVPL and financial liabilities at FVPL (2023: financial assets at FVPL) required for financial reporting purposes, including level 3 fair values.

The main level 3 inputs used by the Group are return rates of the financial assets at FVPL (2023: financial assets at FVPL), which are derived and evaluated based on the yield rate written in contracts by the counterparties. The Group did not change any valuation techniques in determining the level 2 and level 3 fair values.

## 4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (a) Provision for impairment of trade and bills receivables

The Group's management applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables. To measure the expected credit losses, trade and bills receivables have been grouped based on shared credit risk characteristics. For each group, the expected loss rates were based on the payment profiles of sales over a period of 36 months before 31 December 2024 and 31 December 2023 and corresponding historical credit losses experienced within this period. The historical loss rates were adjusted by taking the time value of money into consideration and to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimations at the end of each reporting period. Management reassesses the provisions at the end of each reporting period. Further details are given in note 11 to the financial statements.

### (b) Provision for write-down of inventories

Net realisable value of inventory is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expense. These estimates are based on management's intention on future use of the inventory, the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycle. Management reassesses these estimates at the end of each reporting period. Further details are given in note 10 to the financial statements.

### 4. Critical Accounting Estimates and Judgements (Continued)

#### (c) Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase or decrease the depreciation charge where updated estimated useful lives of the property, plant and equipment are less or more than previously estimated useful lives. Actual economic lives and residual values may differ from estimated useful lives and residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expenses in the future periods.

#### (d) Current income tax and deferred income tax

The Group is subject to income tax in the jurisdictions where the Group has operations other than the Cayman Islands and the British Virgin Islands. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers that it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Deferred income tax liabilities relating to undistributed profits of subsidiaries incorporated in Mainland China are recognised when management expects to recover investments in those subsidiaries through dividends, unless it is estimated that such dividends will not be distributed in the foreseeable future. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and deferred tax liabilities and income tax charges in the period in which such estimates are changed.

## Notes to Financial Statements (Continued)

31 December 2024

### 5. Property, Plant and Equipment

	Freehold land* and buildings RMB'000	Plant and machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2023</b>						
Cost	2,830,729	3,271,461	463,290	226,246	1,432,304	8,224,030
Accumulated depreciation	(796,244)	(1,638,355)	(179,695)	(147,981)	—	(2,762,275)
Net book amount	2,034,485	1,633,106	283,595	78,265	1,432,304	5,461,755
<b>Year ended 31 December 2023</b>						
Opening net book amount	2,034,485	1,633,106	283,595	78,265	1,432,304	5,461,755
Additions	200,429	40,372	2,971	16,128	914,248	1,174,148
Purchase of a subsidiary	20,287	31	94	288	—	20,700
Transfers	657,305	269,617	509,654	12,399	(1,448,975)	—
Disposals	(2,345)	(7,962)	(228,571)	(14,617)	—	(253,495)
Disposal of a subsidiary	(9,845)	(23)	(2,597)	(2,616)	—	(15,081)
Depreciation	(122,961)	(204,047)	(23,111)	(20,396)	—	(370,515)
Exchange differences	29,029	11,580	436	1,886	1,426	44,357
Closing net book amount	2,806,384	1,742,674	542,471	71,337	899,003	6,061,869
<b>At 31 December 2023</b>						
Cost	3,720,446	3,583,606	656,312	232,655	899,003	9,092,022
Accumulated depreciation	(914,062)	(1,840,932)	(113,841)	(161,318)	—	(3,030,153)
Net book amount	2,806,384	1,742,674	542,471	71,337	899,003	6,061,869
<b>Year ended 31 December 2024</b>						
Opening net book amount	2,806,384	1,742,674	542,471	71,337	899,003	6,061,869
Additions	45,759	97,834	13,004	74,078	816,579	1,047,254
Transfers	593,086	68,544	—	—	(661,630)	—
Disposals	(7,671)	(9,227)	(1,798)	(1,468)	—	(20,164)
Depreciation	(106,976)	(282,747)	(36,318)	(13,004)	—	(439,045)
Exchange differences	(16,310)	(9,500)	6,717	(1,572)	(17,609)	(38,274)
Closing net book amount	3,314,272	1,607,578	524,076	129,371	1,036,343	6,611,640
<b>At 31 December 2024</b>						
Cost	4,329,701	3,615,556	675,240	332,600	1,036,343	9,989,440
Accumulated depreciation	(1,015,429)	(2,007,978)	(151,164)	(203,229)	—	(3,377,800)
Net book amount	3,314,272	1,607,578	524,076	129,371	1,036,343	6,611,640

\* Freehold lands are located in Brazil, Germany, Turkey, Mexico, India, Serbia, Japan and Malaysia as at 31 December 2024 (31 December 2023: Brazil, Germany, Turkey, Mexico, India, Serbia, Japan and Malaysia). They are stated at cost of RMB623,423 thousand as at 31 December 2024 (31 December 2023: RMB589,292 thousand) and are not subject to depreciation. Those freehold lands are subject to annual impairment test. No sign of impairment of freehold lands is noticed as at 31 December 2024.

## Notes to Financial Statements (Continued)

31 December 2024

### 5. Property, Plant and Equipment (Continued)

Depreciation is charged to the consolidated statement of profit or loss as follows:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Cost of sales	326,336	287,319
General and administrative expenses	92,534	75,018
Selling and marketing expenses	20,175	8,178
	<b>439,045</b>	<b>370,515</b>

### 6. Leases

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
<b>Right-of-use assets</b>		
Land use rights	691,822	700,223
Buildings	75,172	1,298
	<b>766,994</b>	<b>701,521</b>
<b>Lease liabilities</b>		
Current	17,915	1,144
Non-current	56,932	21
	<b>74,847</b>	<b>1,165</b>

The Group has land lease arrangement with Mainland China government and leasehold land in Vietnam and India.

Addition to the right-of-use assets during the year ended 31 December 2024 was RMB104,473 thousand (2023: RMB1,774 thousand).

## Notes to Financial Statements (Continued)

31 December 2024

### 6. Leases (Continued)

The statement of profit or loss shows the following amounts relating to leases:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
<b>Depreciation charge</b>		
Land use rights	(17,353)	(16,891)
Buildings	(21,220)	(2,668)
	<b>(38,573)</b>	(19,559)
Interest expense (Note 29)	(4,177)	(126)
Expense relating to short-term leases (included in selling and marketing expenses, and general and administrative expenses)	(7,729)	(26,245)

The total cash outflow for leases in 2024 was RMB42,697 thousand (2023: RMB30,814 thousand).

The Group leases various land use rights and buildings. Rental contracts are typically made for fixed periods of 1 to 50 years.

### 7. Subsidiaries

The Group's principal subsidiaries at 31 December 2024 are set out below:

Name	Place of incorporation and kind of legal entity	Paid in capital	Attributable equity interest to the Company		Principal activities and place of operations
			Direct	Indirect	
Haitian Plastics Machinery Group Co., Ltd. ("Haitian Plastics Machinery") (海天塑機集團有限公司)	Mainland China, wholly owned foreign enterprise	USD500,000,000	—	100%	Manufacture and sale of plastic injection moulding machines, Mainland China
Haitian Huayuan (Singapore) Pte. Ltd	Singapore, limited liability company	SGD200,000,000	100%	—	Trading of machinery and related accessories, Singapore

## Notes to Financial Statements (Continued)

31 December 2024

### 7. Subsidiaries (Continued)

Name	Place of incorporation and kind of legal entity	Paid in capital	Attributable equity interest to the Company		Principal activities and place of operations
			Direct	Indirect	
Haitian Huayuan (Hong Kong) Limited	Hong Kong, limited liability company	HKD779,999	—	100%	Trading of machinery and related accessories, Hong Kong
Haitian International Mexico Machinery, S. de R.L. de C.V.	Mexico, limited liability company	USD12,000,000	—	100%	Manufacture and sale of plastic injection moulding machines, Mexico
Huayuan (Vietnam) Machinery Co., Ltd.	Vietnam, limited liability company	VND54,848,461,947	—	100%	Manufacture, processing and sale of plastic injection moulding machines, Vietnam
Niigata Haitian Injection Moulding Machine Co., Ltd.	Japan, limited liability company	JPY30,000,000	—	100%	Research and development of plastic injection moulding machines, Japan
Guo Hua Limited	British Virgin Islands ("BVI"), limited liability company	HKD11,000	100%	—	Investment holding, BVI
Guo Hua Enterprises Group Limited	Hong Kong, limited liability company	HKD1	—	100%	Investment holding, trading of machinery related accessories, Hong Kong

The English names of certain subsidiaries are translations made by the Group's management from their Chinese names as they do not have official English names.

The Group deregistered its subsidiary, Haitian Huayuan (Japan) Machinery Co., Ltd on 2 December 2024.

## Notes to Financial Statements (Continued)

31 December 2024

### 8. Investments in Associates

	2024 RMB'000	2023 RMB'000
Beginning of the year	549,235	534,988
Disposal	—	(225)
Dividend receivable	(25,000)	—
Share of profit	38,221	14,472
End of the year	562,456	549,235

The associates are private companies and there are no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interests in associates.

#### Summarised financial information for an associate

Ningbo Anson CNC Technique Co., Ltd., which is primarily engaged in the development, manufacturing, and sales of CNC systems and industrial automation equipment. Its place of incorporation and principal place of business are both located in Ningbo, the PRC. It is considered a material associate of the Group, is a strategic partner of the Group engaged in the manufacture of plastic injection moulding machines and is accounted for using the equity method.

The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entities when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

## Notes to Financial Statements (Continued)

31 December 2024

### 8. Investments in Associates (Continued)

Summarised financial information for an associate (Continued)

	<b>Ningbo Anson CNC Technique Co., Ltd.</b>	
	<b>31 December 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Current assets</b>		
Cash and cash equivalents	203,555	89,326
Other current assets	970,479	904,136
<b>Total current assets</b>	<b>1,174,034</b>	993,462
Non-current assets	206,118	188,528
Other current liabilities	671,094	525,815
<b>Total current liabilities</b>	<b>671,094</b>	525,815
<b>Net assets</b>	<b>709,058</b>	656,175
<b>Reconciliation to carrying amounts</b>		
Opening net assets	656,175	597,487
Profit for the year	153,883	58,688
Dividend	(100,000)	—
Disposal	—	—
<b>Closing net assets</b>	<b>709,058</b>	656,175
Group's share in %	25%	25%
Group's share in RMB	177,265	164,044
Goodwill	385,191	385,191
<b>Carrying amount</b>	<b>562,456</b>	549,235
Revenue	1,254,930	937,428
Gross profit	236,915	179,323
<b>Profit for the year</b>	<b>152,883</b>	58,688
Other comprehensive income	—	—
<b>Total comprehensive income</b>	<b>152,883</b>	58,688

## Notes to Financial Statements (Continued)

31 December 2024

### 9. Intangible Assets

	Opening net book amount	Amortisation charge	Closing net book amount
<b>Year ended 31 December 2024 (RMB'000)</b>			
Goodwill	43,086	—	43,086
Licences and other intangible assets	6,792	(1,340)	5,452
	<b>49,878</b>	<b>(1,340)</b>	<b>48,538</b>
<b>Year ended 31 December 2023 (RMB'000)</b>			
Goodwill	43,086	—	43,086
Licences and other intangible assets	8,109	(1,317)	6,792
	<b>51,195</b>	<b>(1,317)</b>	<b>49,878</b>

Amortisation expenses are included in general and administrative expenses amounting to RMB1,340 thousand (2023: RMB1,317 thousand).

## Notes to Financial Statements (Continued)

31 December 2024

### 9. Intangible Assets (Continued)

Goodwill was generated from the acquisition of 53.49% equity interest in Zhejiang Keqiang Intelligent Control System Co., Ltd. ("Zhejiang Keqiang") in June 2018. The goodwill is attributable to the workforce and the high profitability of the acquired business.

	Cost	Accumulated amortisation	Net book amount
<b>As at 31 December 2024 (RMB'000)</b>			
Goodwill	43,086	—	43,086
Licences and other intangible assets	14,036	(8,584)	5,452
	<b>57,122</b>	<b>(8,584)</b>	<b>48,538</b>
<b>As at 31 December 2023 (RMB'000)</b>			
Goodwill	43,086	—	43,086
Licences and other intangible assets	14,036	(7,244)	6,792
	<b>57,122</b>	<b>(7,244)</b>	<b>49,878</b>

#### (a) Impairment tests for goodwill

Management reviews the business performance based on type of business. Goodwill is tested annually for impairment.

Goodwill acquired through business combinations is allocated to Zhejiang Keqiang, which is located in Hangzhou, the PRC and engaged in the development and sale of software. The recoverable amount of the subsidiaries has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period. The key assumptions for the value in use calculation include the expected growth rate and discount rate. Changes in revenue and costs are based on management experience and expectations of future changes in the market. The financial budgets are prepared reflecting current and prior years performance and development expectations. The discount rate applied to the cash flow projections is 12% (2023: 12%) which is before tax and reflects specific risks relating to the relevant subsidiaries. The cash flows beyond the 5-year period are extrapolated using a growth rate of 2% (2023: 2%).

## Notes to Financial Statements (Continued)

31 December 2024

### 10. Inventories

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Raw materials	1,440,147	983,625
Work-in-progress	691,684	607,010
Finished goods	2,444,491	1,948,377
	<b>4,576,322</b>	3,539,012

The cost of inventories recognised as expense and included in cost of sales amounted to approximately RMB10,882,516 thousand (2023: RMB8,864,696 thousand).

A provision for obsolete and slow-moving inventory of RMB181,683 thousand was made as at 31 December 2024 (2023: RMB171,644 thousand).

### 11. Trade and Bills Receivables

	As at 31 December 2024			As at 31 December 2023		
	Current RMB'000	Non-Current RMB'000	Total RMB'000	Current RMB'000	Non-Current RMB'000	Total RMB'000
Trade and bills receivables	3,834,279	406,549	4,240,828	3,538,099	173,363	3,711,462
Less: provision for impairment (Note 3.1)	(128,685)	(6,720)	(135,405)	(105,588)	(2,957)	(108,545)
	<b>3,705,594</b>	<b>399,829</b>	<b>4,105,423</b>	3,432,511	170,406	3,602,917

As at 31 December 2024, there was no individual customer with outstanding balance exceeding 10% of the Group's total trade and bills receivables (2023: None).

As at 31 December 2024, the carrying amount of the current portion of trade and bills receivables is considered to be the same as their fair value due to the short-term nature.

As at 31 December 2024, the non-current portion of trade receivables was stated for receivables with due date over 1 year. The fair value of the non-current receivables approximates their carrying amounts.

## Notes to Financial Statements (Continued)

31 December 2024

### 11. Trade and Bills Receivables (Continued)

Most of the Group's sales are covered by guarantees from distributors, credit arrangements from insurance companies in Mainland China, or letters of credit issued by banks. The Group grants its customers credit terms ranging from 15 days to 36 months. Bills receivables are mainly commercial bills issued by customers. The ageing analysis of trade and bills receivables based on invoice date is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Up to 1 year	3,804,605	3,294,039
1 year to 2 years	333,972	350,670
2 years to 3 years	68,426	45,900
Over 3 years	33,825	20,853
	<b>4,240,828</b>	<b>3,711,462</b>

Trade and bills receivables are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	2,505,938	2,138,553
USD	722,691	847,347
EUR	245,430	258,208
VND	187,225	136,407
Mexico Peso	160,321	23,234
Brazilian Real	123,613	132,748
Others	295,610	174,965
	<b>4,240,828</b>	<b>3,711,462</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 11. Trade and Bills Receivables (Continued)

Movements of the provision for impairment of trade and bills receivables are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	108,545	110,488
Provision for impairment of trade and bills receivables	35,441	3,579
Written off as uncollectible	(4,629)	(9,481)
Exchange difference	(3,952)	3,959
At 31 December	135,405	108,545

For certain trade receivables covered by credit insurance, an allowance for doubtful debts is recognised under HKFRS 9 to reflect expected credit losses. Concurrently, due to the existence of credit insurance, the Group has recognised corresponding insurance recoveries of RMB65,580 thousand, which are recorded net of provision for impairment of trade and bills receivables in the consolidated statement of profit or loss.

The provision for impaired receivables has been included in general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

As at 31 December 2024, bills receivables amounting to RMB156,090 thousand are pledged as security for issuing bills payables (note 19).

## Notes to Financial Statements (Continued)

31 December 2024

### 12. Other Financial Assets at Amortised Cost

	As at 31 December 2024			As at 31 December 2023		
	Current RMB'000	Non-Current RMB'000	Total RMB'000	Current RMB'000	Non-Current RMB'000	Total RMB'000
Loans to employees						
— Loans to key management (Note 35(c))	196	—	196	249	—	249
— Loans to other employees (i)	2,499	4,260	6,759	3,721	4,230	7,951
Entrusted loans (ii)	46,000	175,024	221,024	87,299	190,088	277,387
Interest receivables	192,100	—	192,100	142,761	—	142,761
Others	51,561	217	51,778	51,271	—	51,271
	<b>292,356</b>	<b>179,501</b>	<b>471,857</b>	<b>285,301</b>	<b>194,318</b>	<b>479,619</b>
Less: loss allowance for debt investments at amortised cost	—	—	—	—	—	—
	<b>292,356</b>	<b>179,501</b>	<b>471,857</b>	<b>285,301</b>	<b>194,318</b>	<b>479,619</b>

Notes:

- (i) Loans to other employees are for their housing and car purchasing. The loans are due within five years, with interest bearing at rates ranging from 0% to 4.35% (2023: from 0% to 4.35%) per annum as at 31 December 2024.
- (ii) As at 31 December 2024, current portion of the entrusted loans consists of RMB20,000 thousand, RMB18,000 thousand and RMB8,000 thousand, at interest rate of 4.35%, 6% and 4.66% respectively, were lent to three independent parties with maturity dates on 30 November 2025, 5 December 2025, and 30 December 2025, respectively. Non-current portion of the entrusted loan of RMB175,024 thousand was lent to one third party in respect of a loan facility in the aggregate amount up to JPY8,000,000 thousand (equivalent to RMB369,864 thousand) available at an interest rate of 1.50% with maturity date on 30 June 2028.

As at 31 December 2023, current portion of the entrusted loans consists of RMB10,000 thousand, RMB20,000 thousand, RMB23,000 thousand, RMB20,000 thousand and VND48,957,720 thousand (equivalent to RMB14,299 thousand), at interest rate of 4.66%, 4.35%, 6.5%, 6% and 4.5% respectively, were lent to five independent parties with maturity dates on 30 May 2024, 30 December 2024, 25 July 2024, 5 November 2024 and 5 February 2024 respectively. Non-current portion of the entrusted loan of RMB190,088 thousand was lent to one third party in respect of a loan facility in the aggregate amount up to JPY8,000,000 thousand (equivalent to RMB401,704 thousand) available at an interest rate of 1.50% with maturity date on 30 June 2028.

The fair values of other financial assets at amortised cost approximate their carrying amounts.

## Notes to Financial Statements (Continued)

31 December 2024

### 13. Derivative Financial Instruments

	At as 31 December	
	2024 RMB'000	2023 RMB'000
<b>Current assets</b>		
Foreign currency forwards — held for trading	—	13,512
<b>Current liabilities</b>		
Foreign currency forwards — held for trading	21,388	—

#### (i) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to note 3.3.

### 14. Prepayments and Other Assets

	As at 31 December 2024			As at 31 December 2023		
	Current RMB'000	Non-Current RMB'000	Total RMB'000	Current RMB'000	Non-Current RMB'000	Total RMB'000
Prepayments and deposits						
— for purchases of raw materials	172,003	—	172,003	57,627	—	57,627
— for purchases of fixed assets and construction in progress	—	223,073	223,073	—	75,186	75,186
Value added tax recoverable and refundable	256,573	—	256,573	162,350	—	162,350
	428,576	223,073	651,649	219,977	75,186	295,163

## Notes to Financial Statements (Continued)

31 December 2024

### 15. Financial Instruments by Category

	Financial assets at amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
<b>31 December 2024</b>			
<b>Assets</b>			
Financial assets at FVPL	—	6,971,470	6,971,470
Trade and bills receivables and other financial assets at amortised cost	4,577,280	—	4,577,280
Restricted bank deposits	52,807	—	52,807
Term deposits	3,331,912	—	3,331,912
Cash and cash equivalents	2,745,387	—	2,745,387
<b>Total</b>	<b>10,707,386</b>	<b>6,971,470</b>	<b>17,678,856</b>
<b>Liabilities</b>			
Bank borrowings	2,011,287	—	2,011,287
Trade and bills payables, and other payables excluding non-financial liabilities	5,917,593	—	5,917,593
Financial liabilities-trading derivatives	—	21,388	21,388
Lease liabilities	74,847	—	74,847
<b>Total</b>	<b>8,003,727</b>	<b>21,388</b>	<b>8,025,115</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 15. Financial Instruments by Category (Continued)

	Financial assets at amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
<b>31 December 2023</b>			
<b>Assets</b>			
Financial assets at FVPL	—	4,129,187	4,129,187
Trade and bills receivables and other financial assets at amortised cost	4,082,536	—	4,082,536
Financial assets-trading derivatives	—	13,512	13,512
Restricted bank deposits	68,557	—	68,557
Term deposits	3,939,276	—	3,939,276
Cash and cash equivalents	5,445,649	—	5,445,649
<b>Total</b>	<b>13,536,018</b>	<b>4,142,699</b>	<b>17,678,717</b>
			Financial liabilities at amortised cost RMB'000
<b>Liabilities</b>			
Bank borrowings			2,747,439
Trade and bills payables, and other payables excluding non-financial liabilities			5,230,361
Lease liabilities			1,165
<b>Total</b>			<b>7,978,965</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 15. Financial Instruments by Category (Continued)

As at 31 December 2024, the Group held financial assets at fair value through profit or loss of approximately RMB6,971 million (the highest amount of investment cost is RMB250 million), particulars of which are set out below:

Categories of financial assets (RMB'000)	Number of financial assets	Investment cost as of 31 December 2024	Fair value as of 31 December 2024	Percentage in terms of total financial assets at FVPL	Weights to total assets	Expected date of expiration
Wealth management products	7	267,715	273,793	3.93%	2.04%	28/02/2025-01/07/2026
Treasury funds	46	2,789,166	2,801,833	40.19%	20.87%	01/01/2025-06/11/2025
Income certificate	3	170,000	172,849	2.48%	1.29%	21/01/2025-25/08/2025
Trusts	41	1,926,898	1,950,737	27.98%	14.53%	06/01/2025-21/11/2029
Investment funds	7	286,800	328,908	4.72%	2.45%	14/11/2025-19/11/2027
Bonds	41	1,443,350	1,443,350	20.70%	10.75%	13/05/2025-15/11/2034
<b>Total</b>	<b>145</b>	<b>6,883,929</b>	<b>6,971,470</b>	<b>100.00%</b>	<b>51.93%</b>	

## Notes to Financial Statements (Continued)

31 December 2024

### 15. Financial Instruments by Category (Continued)

As at 31 December 2023, the Company held financial assets at fair value through profit or loss of approximately RMB4,129 million (the highest amount of investment cost is RMB350 million), particulars of which are set out below:

Categories of financial assets (RMB'000)	Number of the financial assets	Investment cost as of 31 December 2023	Fair value as of 31 December 2023	Percentage in terms of total financial assets at FVPL	Weights to total assets	Expected date of expiration
Wealth management products	6	202,715	205,307	4.97%	0.71%	21/01/2024-28/04/2025
Treasury funds	7	105,385	109,910	2.66%	0.38%	02/01/2024-20/11/2024
Income certificate	2	130,000	131,716	3.19%	0.45%	08/01/2024-21/08/2024
Trusts	29	2,944,255	2,995,009	72.53%	10.29%	03/01/2024-21/11/2029
Investment funds	10	319,335	357,643	8.66%	1.23%	19/11/2024-28/7/2026
Bonds	21	329,602	329,602	7.99%	1.13%	26/02/2024-15/11/2033
<b>Total</b>	<b>75</b>	<b>4,031,292</b>	<b>4,129,187</b>	<b>100.00%</b>	<b>14.19%</b>	

## Notes to Financial Statements (Continued)

31 December 2024

### 16. Restricted Bank Deposits, Term Deposits and Cash and Cash Equivalents

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Restricted bank deposits — current	52,807	68,557
Term deposits — current	1,280,605	2,207,974
Term deposits — non-current	2,051,307	1,731,302
Total term deposits	3,331,912	3,939,276
Cash at bank	2,745,134	5,445,202
Cash in hand	253	447
Cash and cash equivalents	2,745,387	5,445,649
	6,130,106	9,453,482

Restricted bank deposits are bank deposits that could not be drawn until they mature.

As at 31 December 2024, term deposits amounting to RMB250,000 thousand (2023: RMB370,000 thousand) are pledged as security for issuing bills payable, RMB220,000 thousand (2023: RMB220,000 thousand) are pledged as security for borrowing (note 21), term deposit amounting to USD 20,600 thousand, equivalent to RMB148,080 thousand (2023: USD14,749 thousand, equivalent to RMB100,000 thousand) is restricted for a derivative financial instrument.

As at 31 December 2024, the weighted average effective interest rate on restricted bank deposits, term deposits and cash and cash equivalents of the Group is 3.22% (2023: 3.19%) per annum.

The restricted bank deposits have maturities of 6 to 12 months at inception (2023: maturities of 6 to 12 months at inception).

The short-term bank deposits have maturities ranging from 1 week to 3 months at inception, and were treated as cash and cash equivalents.

## Notes to Financial Statements (Continued)

31 December 2024

### 16. Restricted Bank Deposits, Term Deposits and Cash and Cash Equivalents

(Continued)

Restricted bank deposits, term deposits and cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	3,469,306	5,786,582
USD	1,905,184	2,910,670
EUR	351,712	490,124
Indian Rupee	237,540	130,428
Others	166,364	135,678
	<b>6,130,106</b>	9,453,482

Majority of the restricted bank deposits, term deposits and cash and cash equivalents are deposited with banks in Mainland China and Hong Kong. The conversion of the RMB denominated balances into other currencies and the remittance of funds out of Mainland China are subject to the rules and regulations relating to foreign exchange control promulgated by the Mainland China government.

### 17. Share Capital

	Authorised share capital		
	Number of shares '000	Nominal value of shares HKD'000	Nominal value of shares RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024 (shares with a par value of HKD0.1 per share)	5,000,000	500,000	502,350

	Issued and fully paid		
	Number of shares '000	Nominal value of shares HKD'000	Nominal value of shares RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024 (shares with a par value of HKD0.1 per share)	1,596,000	159,600	160,510

## Notes to Financial Statements (Continued)

31 December 2024

### 18. Reserves

	Share premium	Other reserves			Retained earnings	Total
		Merger reserve	Statutory reserve <sup>(i)</sup>	Translation differences		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2023</b>	1,331,913	152,573	2,049,665	59,355	13,257,101	16,850,607
Profit for the year	—	—	—	—	2,491,528	2,491,528
Appropriations	—	—	30,949	—	(30,949)	—
Dividend paid — 2022 second interim	—	—	—	—	(768,277)	(768,277)
Disposal of a subsidiary	—	—	(626)	—	—	(626)
Currency translation differences	—	—	—	82,347	—	82,347
<b>At 31 December 2023</b>	1,331,913	152,573	2,079,988	141,702	14,949,403	18,655,579
Profit for the year	—	—	—	—	3,080,332	3,080,332
Appropriations	—	—	57,226	—	(57,226)	—
Dividend paid — 2023 second interim (Note 32)	—	—	—	—	(955,355)	(955,355)
Currency translation differences	—	—	—	(96,036)	—	(96,036)
<b>At 31 December 2024</b>	1,331,913	152,573	2,137,214	45,666	17,017,154	20,684,520

#### (i) Statutory reserves

Subsidiaries in Mainland China are required to transfer certain percentages of their after-tax profit after offsetting accumulated losses from prior years to statutory reserves, namely statutory reserve fund, enterprise expansion fund and discretionary reserve fund, before the corresponding subsidiaries can distribute any dividend to their shareholders. The percentage to be appropriated to statutory reserve fund is determined according to the relevant regulations in Mainland China at the rate of 10% of net profit. The subsidiaries may cease appropriation when the statutory reserve funds reach 50% of the subsidiaries' registered capital. The percentages to be appropriated to other funds are at the discretion of the board of directors of the respective subsidiaries.

## Notes to Financial Statements (Continued)

31 December 2024

### 18. Reserves (Continued)

#### (i) Statutory reserves (Continued)

Such statutory reserves, depending on their nature, can only be used to offset accumulated losses or to increase capital of the respective subsidiaries, and cannot be distributed to shareholders of the subsidiaries except for liquidation and solvency. The balances of the statutory reserves after increasing capital shall remain at least 25% of the original registered capital of the respective subsidiaries. Movements in the statutory reserves are as follows:

	Statutory reserve fund RMB'000	Enterprise expansion fund RMB'000	Discretionary reserve fund RMB'000	Total RMB'000
At 1 January 2023	56,983	1,894,526	98,156	2,049,665
Additions	3,974	26,975	—	30,949
Disposal of a subsidiary	—	(626)	—	(626)
At 31 December 2023	60,957	1,920,875	98,156	2,079,988
Additions	—	57,226	—	57,226
At 31 December 2024	60,957	1,978,101	98,156	2,137,214

### 19. Trade and Bills Payables

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade payables	2,261,812	1,958,758
Bills payable	1,704,338	1,641,972
Trade and bills payables	3,966,150	3,600,730
Due to related parties (Note 35(b))	610,383	422,390
	4,576,533	4,023,120

## Notes to Financial Statements (Continued)

31 December 2024

### 19. Trade and Bills Payables (Continued)

The ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Up to 1 year	4,571,721	4,019,543
1 year to 2 years	3,505	2,348
Over 2 years	1,307	1,229
	<b>4,576,533</b>	<b>4,023,120</b>

Trade and bills payables are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	4,507,597	3,941,085
Indian Rupee	36,238	22,606
EUR	16,622	23,497
USD	3,954	5,316
Others	12,122	30,616
	<b>4,576,533</b>	<b>4,023,120</b>

At 31 December 2024, the bills payables of RMB596,162 thousand (2023: RMB830,130 thousand) was secured by term deposits (Note 16).

At 31 December 2024, the bills payables of RMB144,690 thousand (2023: RMB32,550 thousand) was secured by bills receivables (Note 11).

The fair values of trade and bills payables approximate their carrying amounts.

## Notes to Financial Statements (Continued)

31 December 2024

### 20. Accruals, Other Payables and Contract Liabilities

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Welfare payables	11,231	9,987
Salaries, wages and bonus payables	257,274	213,822
Accrued sales commission	1,175,528	1,094,020
Customers deposits	46,789	60,915
Payable for purchase of property, plant and equipment	121,391	84,456
Accrued operating expenses	91,637	71,840
Legal claim (i)	156,250	151,520
Value added tax payables	37,958	36,570
Deferred income — current portion (Note 22)	6,618	7,141
Other payables	44,141	28,765
Accruals and other payables	1,948,817	1,759,036
Contract liabilities (ii)	1,053,889	1,158,200
	3,002,706	2,917,236

The carrying amounts of other payables are considered to be the same as their fair values.

(i) The legal claim represents the ongoing allegation by India Customs authority in relation to the anti-dumping lawsuit for Haitian Huayuan Machinery (India) Private Limited. The recognised provision amounting to Indian Rupee 1,859,234 thousand (equivalent to RMB156,250 thousand) (2023: Indian Rupee 1,779,453 thousand (equivalent to RMB151,520 thousand)) reflects the management's best estimate of the most likely outcome, after taking appropriate legal advice.

(ii) The Group's contract liabilities are advance from customers in relation to product sales contracts.

Details of contract liabilities are as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	As at 1 January 2023 RMB'000
Advance from customers	1,053,889	1,158,200	1,353,374

The decrease in contract liabilities was mainly due to the decrease in short-term advances received from customers at the end of the year.

The Group did not have unsatisfied long-term contracts. As permitted under HKFRS 15, the transaction price allocated to short-term unsatisfied contracts is not disclosed.

## Notes to Financial Statements (Continued)

31 December 2024

### 21. Bank Borrowings

	As at 31 December 2024			As at 31 December 2023		
	Current RMB'000	Non-current RMB'000	Total RMB'000	Current RMB'000	Non-current RMB'000	Total RMB'000
Unsecured	—	1,811,287	1,811,287	244,934	2,302,505	2,547,439
Secured (note 16)	—	200,000	200,000	—	200,000	200,000
	—	2,011,287	2,011,287	244,934	2,502,505	2,747,439

	As at 31 December	
	2024 RMB'000	2023 RMB'000
At floating rate		
— in RMB	600,585	112,389
— in EUR	112,334	—
At fixed rate		
— in RMB	1,298,368	2,602,709
— in JPY	—	32,341
	2,011,287	2,747,439

## Notes to Financial Statements (Continued)

31 December 2024

### 21. Bank Borrowings (Continued)

The weighted average effective interest rates (per annum) at year end are as follows:

	2024 RMB'000	2023 RMB'000
RMB	2.6%	2.8%
JPY	—	0.6%
EUR	2.9%	—

The fair values of bank borrowings approximate their carrying amounts.

At 31 December, the Group's borrowings were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	—	244,934
1 year to 2 years	1,898,953	402,007
2 years to 5 years	112,334	2,100,498
	<b>2,011,287</b>	<b>2,747,439</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 22. Deferred Income

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deferred government grants	28,568	41,538
Less: Current portion included in current liabilities (Note 20)	(6,618)	(7,141)
	21,950	34,397

Movements are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	41,538	48,678
Amortised as income (Note 26)	(13,803)	(7,612)
Exchange differences	833	472
At 31 December	28,568	41,538

## Notes to Financial Statements (Continued)

31 December 2024

### 23. Deferred Income Tax

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deferred income tax assets to be recovered after more than 12 months	3,148	6,163
Deferred income tax assets to be recovered within 12 months	210,036	203,928
	<b>213,184</b>	210,091
Deferred income tax liabilities to be settled after more than 12 months	110,223	137,078
Deferred income tax liabilities to be settled within 12 months	165,118	75,472
	<b>275,341</b>	212,550

#### (i) Deferred tax assets

	As at 31 December	
	2024 RMB'000	2023 RMB'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	148,158	138,822
Unrealised profit on inventories	60,885	65,074
Deferred income — government grants	4,141	6,195
Total deferred tax assets	<b>213,184</b>	210,091

## Notes to Financial Statements (Continued)

31 December 2024

### 23. Deferred Income Tax (Continued)

#### (i) Deferred tax assets (Continued)

The movements in deferred income tax assets are as follows:

	Provisions and accruals RMB'000	Unrealised profit on inventories RMB'000	Government grants RMB'000	Total RMB'000
<b>At 1 January 2023</b>	142,019	58,184	8,205	208,408
Recognised in the consolidated statement of profit or loss	(3,197)	6,890	(2,010)	1,683
<b>At 31 December 2023</b>	138,822	65,074	6,195	210,091
Recognised in the consolidated statement of profit or loss	9,336	(4,189)	(2,054)	3,093
<b>At 31 December 2024</b>	148,158	60,885	4,141	213,184

As at 31 December 2024, accumulated tax losses amounting to RMB85,696 thousand (2023: RMB51,897 thousand) can be carried forward in the next five years, and accumulated tax losses amounting to RMB136,547 thousand (2023: RMB320,838 thousand) can be carried forward for a period of 7 years to indefinitely.

#### (ii) Deferred tax liabilities

	As at 31 December	
	2024 RMB'000	2023 RMB'000
The balance comprises temporary differences attributable to:		
Financial assets at FVPL	6,220	16,914
Withholding tax	165,185	78,000
Accelerated tax depreciation	103,127	116,630
Revaluation	809	1,006
<b>Total deferred tax liabilities</b>	<b>275,341</b>	<b>212,550</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 23. Deferred Income Tax (Continued)

#### (ii) Deferred tax liabilities (Continued)

The movements in deferred income tax liabilities are as follows:

	Withholding tax RMB'000	Accelerated tax depreciation RMB'000	Financial assets at FVPL RMB'000	Revaluation RMB'000	Total RMB'000
<b>At 1 January 2023</b>	227,956	114,846	17,741	1,205	361,748
Recognised in the consolidated statement of profit or loss	68,147	1,784	(827)	(199)	68,905
Settlement of withholding tax	(218,103)	—	—	—	(218,103)
<b>At 31 December 2023</b>	78,000	116,630	16,914	1,006	212,550
Recognised in the consolidated statement of profit or loss	96,517	(13,503)	(10,694)	(197)	72,123
Settlement of withholding tax	(9,332)	—	—	—	(9,332)
<b>At 31 December 2024</b>	165,185	103,127	6,220	809	275,341

Withholding tax is levied on dividends to be declared to foreign investors from the foreign investment enterprises established in Mainland China in respect of earnings earned after 31 December 2007. The Group's subsidiaries in Mainland China are held by Guo Hua Enterprises Group Limited, which is a company incorporated in Hong Kong and the beneficial owner of these subsidiaries, and the applicable withholding tax rate is 5% (2023: 5%).

The Group provides for the deferred income tax liabilities on the unremitted earnings except for those amounts expected to be reinvested. Unremitted earnings that deferred income tax liabilities have not been recognised totally RMB7,413,031 thousand at 31 December 2024 (2023: RMB6,930,444 thousand). As at 31 December 2024, deferred income tax liabilities of RMB370,652 thousand (2023: RMB346,522 thousand) have not been recognised for the withholding tax that would be payable on such unremitted earnings of certain subsidiaries.

## Notes to Financial Statements (Continued)

31 December 2024

### 24. Revenue and Segment Information

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Sales of plastic injection moulding machines and related products	16,128,328	13,069,307
Timing of revenue recognition:		
A point in time	16,128,328	13,069,307

The chief operating decision-maker has been identified as the executive committee, which comprises all executive Directors and senior management. The executive committee reviews the Group's internal reporting in order to assess performance and allocate resources. Based on these internal reports, the executive committee has determined that no segment information is presented as substantially all of the Group's sales and operating profits are derived from the sales of plastic injection moulding machines, and no geographical segment information is presented as the management reviews the business performance based on type of business, not geographically.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in Mainland China. Analysis of the Group's sales to external customers in different countries or regions, based on the customers' locations is as follows:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Mainland China	10,112,300	7,916,831
Hong Kong and overseas countries or regions	6,016,028	5,152,476
	16,128,328	13,069,307

## Notes to Financial Statements (Continued)

31 December 2024

### 24. Revenue and Segment Information (Continued)

#### Performance obligations

##### Sales of plastic injection moulding machines and related products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 15 days to 36 months from delivery, except for new customers, where payment in advance is normally required.

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

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Sales of plastic injection moulding machines and related products	1,158,200	1,353,374

The total of non-current assets other than term deposits, trade and bills receivables, other financial assets at amortised cost, financial assets at FVPL and deferred income tax assets located in different countries or regions is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Total non-current assets other than term deposits, trade and bills receivables, other financial assets at amortised cost, financial assets at FVPL and deferred income tax assets		
— Mainland China	5,724,816	5,558,867
— Hong Kong and overseas countries or regions	2,487,885	1,878,822
	8,212,701	7,437,689

## Notes to Financial Statements (Continued)

31 December 2024

### 25. Expenses by Nature

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Depreciation and amortisation (Notes 5, 6 and 9)	478,958	391,391
Raw materials and consumables used	9,649,138	7,945,572
Changes in inventories of finished goods and work in progress	(494,218)	(375,802)
Sales commission and after-sales service expenses	668,015	583,046
(Reversal of)/provision for impairment of trade receivables	(30,139)	3,579
Provision for write-down of inventories	10,039	4,338
Employment costs (Note 28) (i)	1,786,795	1,458,094
Litigation costs	—	6,815
Freight charges	157,904	113,752
Utilities	164,966	145,109
Travelling expenses	45,304	49,520
Auditor's remuneration		
— Audit services	2,226	2,487
— Non-audit services fees	—	1,463
Others	766,673	554,960
<b>Total cost of sales, selling and marketing expenses and general and administrative expenses</b>	<b>13,205,661</b>	<b>10,884,324</b>

(i) For the year ended 31 December 2024, the employment costs related to the research and development activities were RMB266,722 thousand (2023: RMB245,888 thousand).

### 26. Other Income

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Government grants (i)	377,259	394,860
Amortisation of deferred income (Note 22)	13,803	7,612
	<b>391,062</b>	<b>402,472</b>

(i) Government grants mainly represent subsidies and assistance received from local municipal governments in connection with the Group's achievements in research and development.

## Notes to Financial Statements (Continued)

31 December 2024

### 27. Other Gains — Net

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Net fair value and disposal gains on financial assets at FVPL	230,201	173,248
Net fair value change on derivative financial instruments	(82,574)	13,512
Net foreign exchange gains	54,764	16,100
Losses on disposals of property, plant and equipment, net	(5,104)	(16,981)
Gains on disposal of a subsidiary	—	10,441
Others	22,862	4,321
	<b>220,149</b>	<b>200,641</b>

### 28. Employment Costs

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and bonus	1,419,643	1,168,478
Pension cost — defined contribution plans (a)	100,883	85,500
Other benefits (b)	266,269	204,116
	<b>1,786,795</b>	<b>1,458,094</b>

#### (a) Pension cost — defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement schemes for its employees in Mainland China. The contribution of the Group are calculated on certain percentages of the average employee salary, subject to a certain ceiling, as agreed by the government authority. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

The Group has arranged for its Hong Kong and overseas employees to join local pension schemes in respective countries' or regions' jurisdictions. The Group has no further obligations for post-retirement benefits beyond the monthly contributions.

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

## Notes to Financial Statements (Continued)

31 December 2024

### 28. Employment Costs (Continued)

#### (b) Other benefits

In addition, the Group's employees in Mainland China participate in state-sponsored employee social security plans, including medical, housing and other welfare benefits. The Group has no further obligation beyond the contributions.

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included two (2023: two) directors whose emoluments are reflected in the analysis presented in note 37. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	6,425	5,420
Discretionary bonuses	4,879	2,509
Post-employment benefits	16	16
	<b>11,320</b>	<b>7,945</b>

The emoluments fall within the following bands:

	Number of individuals	
	2024	2023
HKD1,500,001 (equivalent to approximately RMB1,350,000)		
— HKD2,000,000 (equivalent to approximately RMB1,820,000)	—	1
HKD2,000,001 (equivalent to approximately RMB1,820,000)		
— HKD2,500,000 (equivalent to approximately RMB2,275,000)	—	1
HKD2,500,001 (equivalent to approximately RMB2,275,000)		
— HKD3,000,000 (equivalent to approximately RMB2,730,000)	1	—
HKD3,500,001 (equivalent to approximately RMB3,185,000)		
— HKD4,000,000 (equivalent to approximately RMB3,640,000)	1	—
HKD4,500,001 (equivalent to approximately RMB4,095,000)		
— HKD5,000,000 (equivalent to approximately RMB4,550,000)	—	1
HKD5,500,001 (equivalent to approximately RMB5,005,000)		
— HKD6,000,000 (equivalent to approximately RMB5,460,000)	1	—

- (d) During the year ended 31 December 2024, no emoluments were paid by the Company to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

## Notes to Financial Statements (Continued)

31 December 2024

### 29. Finance Income — Net

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Finance costs:		
Interest expense	(61,295)	(73,936)
Net foreign exchange losses	(4,210)	—
Interest and finance charges paid/payable for lease liabilities	(4,177)	(126)
	<b>(69,682)</b>	(74,062)
Finance income:		
Net foreign exchange gains	—	28,793
Interest income on restricted bank deposits, term deposits and cash and cash equivalents	238,118	273,152
Interest income on entrusted loans	5,000	6,220
	<b>243,118</b>	308,165
Finance income, net	<b>173,436</b>	234,103

### 30. Income Tax Expense

This note provides an analysis of the Group's income tax expense, shows how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

The amount of income tax charged to the consolidated statement of profit or loss represents:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current income tax		
– Mainland China enterprise income tax and Hong Kong profits tax	511,513	584,614
– Overseas income tax	93,027	108,293
Deferred taxation	59,698	(150,881)
	<b>664,238</b>	542,026

## Notes to Financial Statements (Continued)

31 December 2024

### 30. Income Tax Expense (Continued)

#### (a) Income tax expense

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
<i>Current tax</i>		
Current tax on profits for the year	595,208	474,804
Settlement of withholding tax	9,332	218,103
<b>Total current tax expense</b>	<b>604,540</b>	<b>692,907</b>
<i>Deferred income tax</i>		
Increase in deferred tax assets (note 23)	(3,093)	(1,683)
Deferred tax liabilities recognised in the consolidated statement of profit or loss (note 23)	62,791	(149,198)
<b>Total deferred tax expense</b>	<b>59,698</b>	<b>(150,881)</b>
<b>Income tax expense</b>	<b>664,238</b>	<b>542,026</b>

Haitian Plastics Machinery Group Co., Ltd (“Haitian Plastics Machinery”) renewed its status as a High and New Technology Enterprise (“HNTE”) in 2023. Wuxi Haitian Machinery Co., Ltd. (“Wuxi Haitian”) renewed its status as HNTE in 2024. Ningbo Zhafir Plastics Machinery Co., Ltd. (“Ningbo Zhafir”) renewed its status as HNTE in 2022. Zhejiang Keqiang Intelligence Control System Co., Ltd. (“Zhejiang Keqiang”) renewed its status as HNTE in 2022. Ningbo Haitian Intelligent Manufacture Technology Co., Ltd. (“Haitian Software”) renewed its status as HNTE in 2024. Haitian Machinery Guangdong Co., Ltd. (“Haitian Guangdong”) qualified as HNTE in 2024. These entities were entitled to a reduced income tax rate of 15% for three consecutive years commencing from the first year when these entities were granted the HNTE status. They are required to re-apply for preferential tax treatment after the current preferential tax periods expire.

The other major operating subsidiaries of the Group in Mainland China are subject to enterprise income tax at a rate of 25% for the year ended 31 December 2024 (2023: 25%).

Subsidiaries established in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the taxable income for the year ended 31 December 2024 (2023: 16.5%).

Taxation on overseas (other than Mainland China and Hong Kong) profits has been calculated on the estimated assessable profits for the year ended 31 December 2024 at the applicable rates of taxation prevailing in the countries in which the Group operates.

## Notes to Financial Statements (Continued)

31 December 2024

### 30. Income Tax Expense (Continued)

#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit before income tax expense, after excluding share of profit of associates	3,707,314	3,022,199
Tax at the Hong Kong tax rate of 16.5% (2023: 16.5%)	611,707	498,663
Effect of different tax rates	(32,950)	(19,231)
Research and development expenditure super deduction	(46,308)	(41,935)
Expensed not deductible for tax expense	6,068	5,640
Adjustments for current tax of prior year	(14,407)	(3,419)
Deferred tax not accounted for taxable losses	45,339	35,202
Effect of withholding tax on certain unremitted profits of subsidiaries in Mainland China	96,517	68,147
Utilisation of previously unrecognised taxable losses	(1,728)	(1,041)
<b>Income tax expense</b>	<b>664,238</b>	<b>542,026</b>

#### (c) OECD Pillar Two model rules

The Group mainly operates within Mainland China, Hong Kong, Singapore, Germany, Mexico, India etc.

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

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above 15%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes.

## Notes to Financial Statements (Continued)

31 December 2024

### 31. Earnings Per Share

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit attributable to the shareholders of the Company of approximately RMB3,080,332 thousand (2023: RMB2,491,528 thousand) and on the weighted average number of 1,596,000 thousand (2023: 1,596,000 thousand) ordinary shares in issue during the year.

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit attributable to shareholders of the Company	3,080,332	2,491,528
Weighted average number of ordinary shares in issue (thousands)	1,596,000	1,596,000
Basic earnings per share (expressed in RMB per share)	1.93	1.56

Diluted earnings per share is not presented as there were no dilutive ordinary shares (Note 17).

### 32. Dividends

	2024 RMB'000	2023 RMB'000
Interim dividend of nil (2023: nil) per ordinary share	–	–
Second interim dividend of HKD0.73 (2023: HKD0.66) per ordinary share	1,074,693	955,355
	1,074,693	955,355

On 17 March 2025, the Board has declared payment of a second interim dividend of HK73.0 cents per share (2023: HK66.0 cents per share) for the year ended 31 December 2024. On the basis of the total issued share capital of 1,596,000,000 shares of the Company as of the date of these financial statements, it is estimated that the aggregate amount of the second interim dividend would be approximately RMB1,074.69 million (2023: RMB955.36 million). The actual total amount of the second interim dividend to be paid will be subject to the total number of issued share capital of the Company as at the record date for determining the entitlement of shareholders to the second interim dividend. Such dividend has been approved by the Board which has complied with the related regulations in Cayman Islands. The second interim dividend has not been reflected as a dividend payable in these financial statements.

## Notes to Financial Statements (Continued)

31 December 2024

### 33. Notes to the Consolidated Statement of Cash Flows

#### (a) Cash generated from operations

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit before income tax	3,745,535	3,036,671
Adjustments for:		
— share of profit of associates (Note 8)	(38,221)	(14,472)
— depreciation of property, plant and equipment (Note 5)	439,045	370,515
— amortisation of intangible assets (Note 9)	1,340	1,317
— amortisation of deferred income (Note 22)	(13,803)	(7,612)
— depreciation of right-of-use assets (Note 6)	38,573	19,559
— losses on disposal of property and plant and equipment (Note 27)	5,104	16,981
— gains on disposal of a subsidiary (Note 27)	—	(10,441)
— (Reversal of)/Provision for impairment of trade and bills receivables (Note 25)	(30,139)	3,579
— provision for write-down of inventories (Note 25)	10,039	4,338
— net fair value and disposed gains on financial assets at FVPL (Note 27)	(230,201)	(173,248)
— net fair value gains on derivative financial instruments (Note 27)	82,574	(13,512)
— finance income — net (Note 29)	(173,436)	(234,103)
Changes in working capital:		
— decrease/(increase) in restricted bank deposits	15,750	(33,315)
— increase in trade and other receivables and others	(655,011)	(343,367)
— increase in inventories	(1,047,349)	(335,732)
— increase in trade and bills payables	553,413	492,699
— increase in accruals and other payables and others	221,549	113,258
— decrease in contract liabilities	(104,311)	(195,174)
Cash generated from operations	2,820,451	2,697,941

#### (b) In the consolidated statement of cash flows and proceeds from disposal of property, plant and equipment comprise:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Net book amount (Note 5)	20,164	253,495
Losses on disposal of property, plant and equipment (Note 27)	(5,104)	(16,981)
Proceeds from disposal of property, plant and equipment	15,060	236,514

## Notes to Financial Statements (Continued)

31 December 2024

### 33. Notes to the Consolidated Statement of Cash Flows (Continued)

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

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB95,093 thousand (2023: RMB50 thousand) and RMB95,093 thousand (2023: RMB50 thousand) respectively, in respect of lease arrangements for buildings.

#### (d) Net debt reconciliation

The reconciliation of liabilities arising from financing activities is as follows:

	2024 RMB'000	2023 RMB'000
Borrowings	(2,011,287)	(2,747,439)
Lease liabilities	(74,847)	(1,165)
<b>Net debt</b>	<b>(2,086,134)</b>	<b>(2,748,604)</b>

	Bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>As at 1 January 2023</b>	1,435,255	3,834	1,439,089
Cash flows			
— Inflow from financing activities	2,531,456	—	2,531,456
— Outflow from financing activities	(1,216,165)	(2,845)	(1,219,010)
Non-cash changes			
— Acquisition — leases	—	50	50
— Currency translations	(3,107)	—	(3,107)
— Interest and finance charges paid/payable for lease liabilities	—	126	126
<b>As at 31 December 2023</b>	<b>2,747,439</b>	<b>1,165</b>	<b>2,748,604</b>
Cash flows			
— Inflow from financing activities	840,261	—	840,261
— Outflow from financing activities	(1,578,597)	(25,588)	(1,604,185)
Non-cash changes			
— Acquisition — leases	—	95,093	95,093
— Currency translations	2,184	—	2,184
— Interest and finance charges paid/payable for lease liabilities	—	4,177	4,177
<b>As at 31 December 2024</b>	<b>2,011,287</b>	<b>74,847</b>	<b>2,086,134</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 34. Commitments

#### (a) Capital commitments

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Acquisition of property, plant and equipment — Contracted but not provided for	766,473	1,066,225

### 35. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Each of Sky Treasure Capital Limited, Premier Capital Management Pte. Ltd. and Cambridge Management Consultants (PTC) Ltd. respectively holds representing approximately 27.18%, 18.35% and 14.73% of the issued share capital of the Company.

The following companies are considered to be related parties of the Group:

Company name	Relationships
Ningbo Haitian Precision Machinery Co., Ltd. (“Haitian Precision”) (寧波海天精工股份有限公司)	Controlled by directors of the Group
Ningbo Anson CNC Technique Co., Ltd. (“Ningbo Anson”) (寧波安信數控技術有限公司)	Associate of the Group, controlled by directors of the Group
Ningbo STF Hydraulic Transmissions Co., Ltd. (“Ningbo STF”) (寧波斯達弗液壓傳動有限公司)	Controlled by directors of the Group
Ningbo Haitian Drive Systems Co., Ltd. (“HDS”) (海天驅動有限公司)	Controlled by directors of the Group
Ningbo Haitian Drive Technology Co., Ltd. (“HDT”) (寧波海天驅動科技有限公司)	Controlled by directors of the Group
Ningbo Hilectro Precision Machinery Co., Ltd. (“Hilectro Precision”) (寧波海邁克精密機械製造有限公司)	Controlled by directors of the Group
Ningbo Haitian Co., Ltd. (“Haitian Co.”) (寧波海天股份有限公司)	Controlled by directors of the Group
Ningbo Hilectro Power Technology Co., Ltd. (“Hilectro Power”) (寧波海邁克動力科技有限公司)	Controlled by directors of the Group
Ningbo Haitian Smart Solutions Technology Co., Ltd. (“Haitian Smart Solutions”) (寧波海天智聯科技有限公司)	Controlled by directors of the Group
Ningbo Free Trade Zone Haitian Zhisheng Die Casting Equipment Co., Ltd. (“Haitian Zhisheng”) (寧波保稅區海天智勝金屬成型設備有限公司)	Controlled by directors of the Group
Ningbo Haitian Aolin Engineering Technology Co., Ltd. (“Haitian Aolin Engineering”) (寧波海天奧林工程技術有限公司)	Controlled by directors of the Group
Ningbo Haitian Additive Technology Co., Ltd. (“Haitian Zengcai”) (寧波海天增材科技有限公司)	Controlled by directors of the Group

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

Company name	Relationships
Ningbo Haitian Zhisheng Trading Co., Ltd. (“Haitian Zhisheng Trading”) (寧波海天智勝貿易有限公司)	Controlled by directors of the Group
Ningbo Haitian Laser Technology Co., Ltd. (“Haitian Laser Technology”) (寧波海天激光科技有限公司)	Controlled by directors of the Group
Foshan Haiqu Automation Technology Co., Ltd. (“Foshan Haiqu”) (佛山海驅自動化科技有限公司)	Controlled by directors of the Group
Haitian Precision Machinery (Guangdong) Co., Ltd. (“Haitian Precision Guangdong”) (海天精工機械(廣東)有限公司)	Controlled by directors of the Group
CONG TY TNHH HAITIAN PRECISION MACHINERY (VIETNAM) (“HAITIAN PRECISION VIETNAM”)	Controlled by directors of the Group
CONG TY TNHH HAITIAN METAL MACHINERY (VIETNAM) (“HAITIAN METAL VIETNAM”)	Controlled by directors of the Group
PT. HUAYUAN MAKMUR SEJAHTERA (“PT HUAYUAN MS”)	Former associate of the Group
Ningbo Haitian Precision Machinery Sales Co., Ltd. (“Haitian Precision Sales”) (寧波海天精工銷售有限公司)	Controlled by directors of the Group
HAINENG MACHINERY (HONG KONG) CO.,LIMITED (“HAINENG MACHINERY HONGKONG”)	Controlled by directors of the Group
HUATENG MACHINERY (SINGAPORE) PTE. LTD. (“HUATENG MACHINERY SINGAPORE”)	Controlled by directors of the Group

#### (a) Transactions with related parties:

The following material transactions were carried out with related parties:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Purchases of goods from:		
Ningbo Anson	808,549	628,754
Haitian Smart Solutions	433,669	304,476
Ningbo STF	195,533	164,818
Hilectro Precision	68,315	59,262
HAINENG MACHINERY HONGKONG	1,781	—
Hilectro Power	—	1,894
Haitian Precision	—	32
	<b>1,507,847</b>	<b>1,159,236</b>
Rental fees paid to:		
Haitian Co.	—	7,233
HDS	—	4,567
	—	<b>11,800</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

#### (a) Transactions with related parties: (Continued)

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Purchase of equipment from:		
Haitian Smart Solutions	—	5,252
Haitian Precision	16,808	10,967
Haitian Aolin Engineering	2,296	4,664
Haitian Precision Sales	1,242	—
HDT	—	28
	<b>20,346</b>	<b>20,911</b>
Right-of-use assets arising from lease of buildings		
HDS	41,998	—
Haitian Co.	25,830	—
	<b>67,828</b>	<b>—</b>
Purchase of services from:		
Haitian Precision	2,656	1,934
Ningbo Anson	1,109	982
Haitian Smart Solutions	796	754
Haitian Aolin Engineering	349	747
Ningbo STF	260	155
	<b>5,170</b>	<b>4,572</b>
Sales of goods to:		
Hilectro Power	933	—
Ningbo STF	850	—
Haitian Zhisheng	768	142
Ningbo Anson	91	—
PT HUAYUAN MS	—	12,527
Haitian Precision	—	870
Hilectro Precision	—	794
	<b>2,642</b>	<b>14,333</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

#### (a) Transactions with related parties: (Continued)

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Providing of services to:		
Haitian Zhisheng	4,371	7,313
Haitian Precision	2,793	1,796
Hilectro Power	1,148	475
HDT	613	1,151
Ningbo Anson	524	684
Haitian Smart Solutions	510	397
Haitian Precision Guangdong	445	—
Ningbo STF	212	368
Haitian Zengcai	151	165
Hilectro Precision	137	781
Haitian Laser Technology	76	85
Haitian Zhisheng Trading	—	54
	<b>10,980</b>	<b>13,269</b>
Rental income from:		
Haitian Zhisheng	12,752	12,752
Haitian Precision	5,553	6,866
Haitian Zengcai	1,053	965
Haitian Laser Technology	1,053	965
Haitian Precision Guangdong	585	527
Foshan Haiqu	509	654
Haitian Aolin Engineering	457	457
HAITIAN PRECISION VIETNAM	—	124
HAITIAN METAL VIETNAM	—	50
	<b>21,962</b>	<b>23,360</b>
Payments on behalf of related parties:		
Haitian Zhisheng	4,425	4,932
Haitian Precision	705	668
Haitian Zengcai	348	—
Haitian Aolin Engineering	260	290
Haitian Laser Technology	163	—
Haitian Precision Guangdong	123	112
Foshan Haiqu	63	119
	<b>6,087</b>	<b>6,121</b>
Sales of equipment to:		
Haitian Precision	1,827	—
Ningbo Anson	122	—
Ningbo STF	31	—
Haitian Zhisheng	—	45
	<b>1,980</b>	<b>45</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

**(a) Transactions with related parties:** (Continued)

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

**(b) Balances with related parties:**

The Group had the following significant balances with its related parties as at 31 December 2024 and 2023:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Payables arising from purchase of goods:		
— Ningbo Anson	296,296	236,277
— Haitian Smart Solutions	217,568	104,871
— Ningbo STF	70,508	64,205
— Hilectro Precision	25,346	16,346
— Hilectro Power	665	691
	<b>610,383</b>	422,390
Payables arising from purchase of equipment:		
— Haitian Aolin Engineering	2,124	7,240
— HDT	1,606	1,606
— Hilectro Power	1,204	1,204
— Haitian Precision	2,381	1,184
	<b>7,315</b>	11,234
Receivables arising from sales of goods, providing of services and rental income:		
— Haitian Zhisheng	2,208	6,219
— Haitian Precision	2,665	1,040
— Haitian Zengcai	2,513	1,014
— Hilectro Power	1,489	524
— Hilectro Precision	—	177
— Ningbo Anson	141	171
— Ningbo STF	451	—
	<b>9,467</b>	9,145

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

#### (b) Balances with related parties: (Continued)

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Prepayments arising from purchase of equipment:		
— Haitian Precision	28,050	—
— HAITENG MACHINERY SINGAPORE	3,526	—
— HAINENG MACHINERY HONGKONG	2,349	—
	<b>33,925</b>	—
Investment in an entity controlled by directors of the Group:		
— Haitian Zhisheng	99,800	99,800
Lease Liabilities arising from lease of buildings		
— HDS	42,950	—
— Haitian Co.	26,415	—
	<b>69,365</b>	—

Balances with related parties were unsecured, non-interest bearing, and had no pre-determined repayment terms.

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

#### (c) Loans to key management

	2024 RMB'000	2023 RMB'000
At 1 January	249	249
Loans advanced during the year	—	—
Loan repayments received	(53)	—
At 31 December	196	249

The information about loans advanced to key management have the following terms and conditions:

Name of key management	Outstanding amount at beginning of year RMB'000	Outstanding amount at end of year RMB'000	Maximum outstanding during this year RMB'000	Fallen due but not been paid RMB'000	Provisions for doubtful/bad debts made	Term	Interest rate	Security
<b>2024</b>								
Mr. Zhang Jianfeng	249	196	249	—	—	Repayable on demand	Nil	Nil
<b>2023</b>								
Mr. Zhang Jianfeng	249	249	249	—	—	Repayable on demand	Nil	Nil

## Notes to Financial Statements (Continued)

31 December 2024

### 35. Related Party Transactions (Continued)

#### (d) Key management compensation

Key management includes directors, general managers of certain subsidiaries, chief financial officer, investment relations manager, company secretary and the head of human resources and administration. The compensation paid or payable to key management for employee services is:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	13,263	13,570
Contribution to pension scheme	215	169
Discretionary bonuses	4,943	2,279
	18,421	16,018

#### (e) Related party commitments

Related party commitments which are contracted but not recognised in the consolidated statement of financial position as at the year end date are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Capital commitment for acquisition of property, plant and equipment		
— Haitian Precision	21,257	12,220

## Notes to Financial Statements (Continued)

31 December 2024

### 36. Balance Sheet and Reserve Movement of the Company

#### Balance sheet of the Company

	Note	As at 31 December	
		2024 RMB'000	2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		4,050,220	3,425,220
		4,050,220	3,425,220
<b>Current assets</b>			
Due from subsidiaries		—	625,000
Cash and cash equivalents		873	932
		873	625,932
<b>Total assets</b>		<b>4,051,093</b>	<b>4,051,152</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		160,510	160,510
Share premium	(i)	1,331,913	1,331,913
Other reserves	(i)	314,789	314,789
Retained earnings	(i)	2,142,591	2,144,832
<b>Total equity</b>		<b>3,949,803</b>	<b>3,952,044</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Due to subsidiaries		101,122	98,958
Other payables		168	150
		101,290	99,108
<b>Total liabilities</b>		<b>101,290</b>	<b>99,108</b>
<b>Total equity and liabilities</b>		<b>4,051,093</b>	<b>4,051,152</b>

## Notes to Financial Statements (Continued)

31 December 2024

### 36. Balance Sheet and Reserve Movement of the Company (Continued)

(i) Reserve movement of the Company

	Share premium RMB'000	Contributed surplus RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	1,331,913	314,789	1,044,384	2,691,086
Profit for the year	—	—	1,868,725	1,868,725
Dividend paid				
— 2022 second interim	—	—	(768,277)	(768,277)
At 31 December 2023	1,331,913	314,789	2,144,832	3,791,534
Profit for the year	—	—	953,114	953,114
Dividend paid				
— 2023 second interim (Note 32)	—	—	(955,355)	(955,355)
At 31 December 2024	1,331,913	314,789	2,142,591	3,789,293

## Notes to Financial Statements (Continued)

31 December 2024

### 37. Benefits and Interests of Directors

#### (a) Directors' emoluments

The remuneration of every director and the chief executive is set out below:

Name of Director	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings						Total RMB'000
	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	
<b>2024</b>							
Executive directors							
— Mr. Zhang Jianming	—	1,800	—	—	—	—	1,800
— Mr. Zhang Jianfeng	—	1,200	587	46	30	—	1,863
— Mr. Zhang Bin (CEO)	—	1,200	595	46	32	—	1,873
— Mr. Chen Weiqun	—	1,200	468	46	30	—	1,744
— Ms. Chen Lu	—	850	359	46	16	—	1,271
	—	6,250	2,009	184	108	—	8,551
Independent non-executive directors							
— Mr. Guo Yonghui	78	—	—	—	—	—	78
— Mr. Lou Baijun	78	—	—	—	—	—	78
— Mr. Lo Chi Chiu	91	—	—	—	—	—	91
— Ms. Yu Junxian	78	—	—	—	—	—	78
	325	—	—	—	—	—	325
	325	6,250	2,009	184	108	—	8,876

## Notes to Financial Statements (Continued)

31 December 2024

### 37. Benefits and Interests of Directors (Continued)

#### (a) Directors' emoluments (Continued)

Emoluments paid or payable in respect of a person's services as a director,  
whether of the Company or its subsidiary undertakings

Name of Director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Allowances and benefits in kind RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Other emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
2023							
Executive directors							
— Mr. Zhang Jingzhang	—	1,300	—	—	—	—	1,300
— Mr. Zhang Jianming	—	1,800	—	—	—	—	1,800
— Mr. Zhang Jianfeng	—	1,300	278	45	13	—	1,636
— Mr. Zhang Bin (CEO)	—	1,150	218	45	13	—	1,426
— Mr. Chen Weiqun	—	1,000	259	45	13	—	1,317
— Ms. Chen Lu	—	606	202	45	13	—	866
	—	7,156	957	180	52	—	8,345
Independent non-executive directors							
— Mr. Guo Yonghui	78	—	—	—	—	—	78
— Mr. Lou Baijun	78	—	—	—	—	—	78
— Mr. Lo Chi Chiu	91	—	—	—	—	—	91
— Ms. Yu Junxian	78	—	—	—	—	—	78
	325	—	—	—	—	—	325
	325	7,156	957	180	52	—	8,670

### 37. Benefits and Interests of Directors (Continued)

**(a) Directors' emoluments (Continued)**

Mr. Guo Mingguang and Mr. Liu Jianbo have waived the emoluments during the years ended 31 December 2023 and 2024. None of other directors waived any emoluments during the year ended 31 December 2024 (2023: None).

During the year ended 31 December 2024, no emoluments paid or payable in respect of a person's services as a director (whether of the Company or its subsidiary undertakings) other than those disclosed in above tables, such as discretionary bonuses, housing allowance, or remunerations paid or payable in respect of accepting office as director incurred (2023: None), and no emoluments paid or payable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings incurred (2023: None).

**(b) Directors' retirement benefits**

During the year ended 31 December 2024, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2023: None).

**(c) Directors' termination benefits**

During the year ended 31 December 2024, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2023: None).

**(d) Consideration provided to third parties for making available directors' services**

During the year ended 31 December 2024, no consideration was provided to or receivable by third parties for making available director's services (2023: None).

**(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies incorporated by and connected entities with such directors**

There are no loans, quasi-loans or other dealings in favour of directors, controlled bodies incorporated by and connected entities with directors other than those disclosed in note 35(c) (2023: None).

**(f) Directors' material interests in transactions, arrangements or contracts**

Save as disclosed in note 35 to the financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: None).

# Financial Summary

The following table summarizes the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Results					
Revenue	16,128,328	13,069,307	12,308,186	16,018,272	11,800,052
Profit before income tax	3,745,535	3,036,671	2,779,468	3,768,970	2,969,612
Income tax expenses	(664,238)	(542,026)	(514,451)	(718,871)	(579,524)
Profit attributable to shareholders of the company	3,080,332	2,491,528	2,264,668	3,051,968	2,388,016
Assets					
Non-current assets	13,422,156	10,630,306	9,098,603	8,402,276	8,266,505
Current assets	17,723,355	18,463,552	16,692,598	17,751,039	15,125,355
Total assets	31,145,511	29,093,858	25,791,201	26,153,315	23,391,860
Liabilities					
Non-current liabilities	2,365,510	2,749,473	516,408	875,859	438,730
Current liabilities	7,910,526	7,502,105	8,234,793	9,342,446	8,167,094
Total liabilities	10,276,036	10,251,578	8,751,201	10,218,305	8,605,824
Total equity	20,869,475	18,842,280	17,040,000	15,935,010	14,786,036
Capital and reserves attributable to shareholders of the Company	20,845,030	18,816,089	17,011,117	15,934,377	14,777,234



HAITIAN INTERNATIONAL HOLDINGS LIMITED  
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