



**均胜电子**  
JOYSON ELECTRONICS

股份代號 Stock Code : 0699.HK / 600699.SH

**更智能 更安全 更环保**

**SMARTER | SAFER | GREENER**



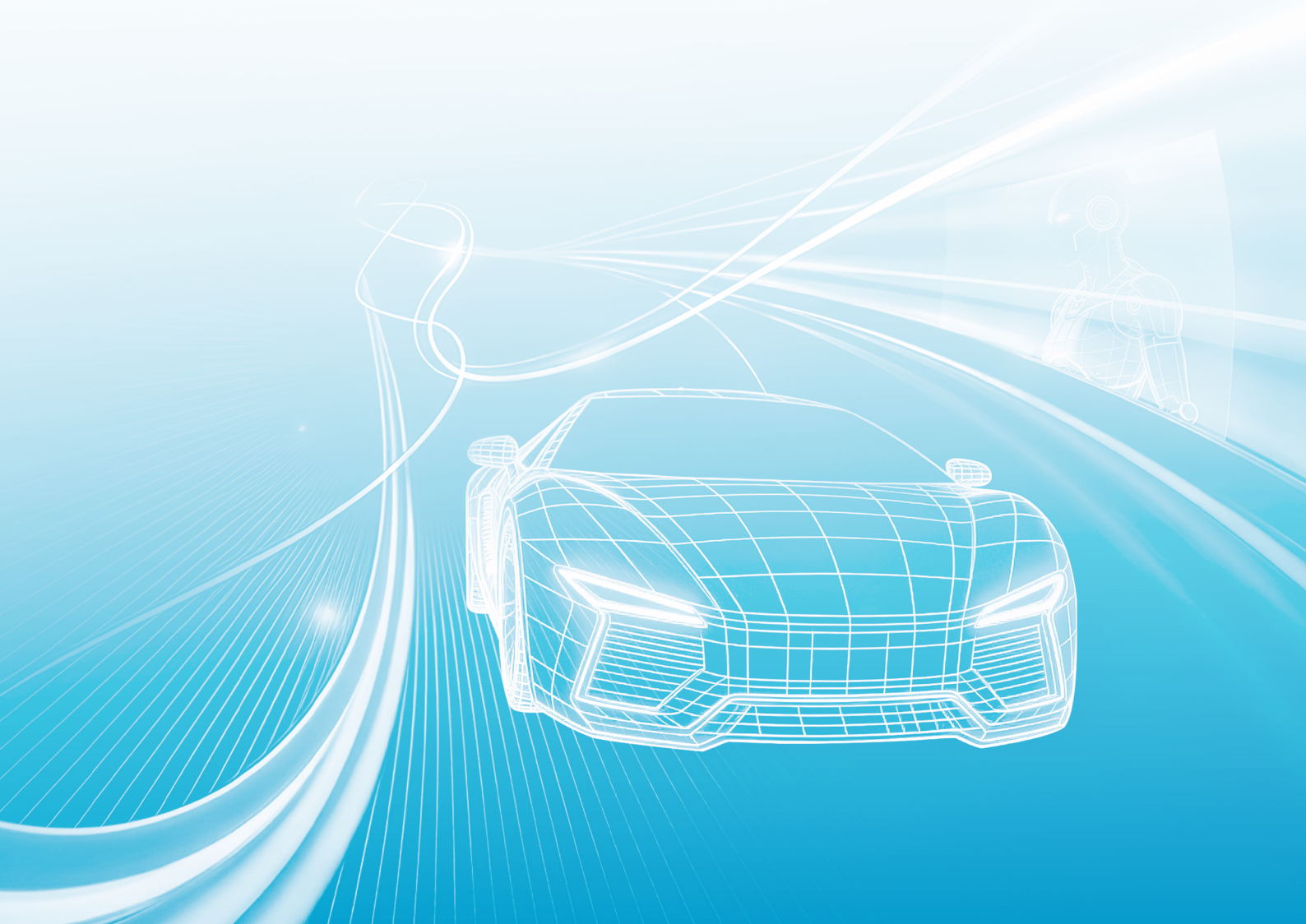
**寧波均勝電子股份有限公司**  
**Ningbo Joyson Electronic Corp.**

(於中華人民共和國註冊成立的股份有限公司)  
(A joint stock company incorporated in the People's Republic of China with limited liability)

**2025**  
年度報告  
**ANNUAL**  
**REPORT**

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# COMPANY PROFILE

Ningbo Joyson Electronic Co., Ltd. is a global leading provider of intelligent automotive technology solutions. Leveraging its platform-based and modular technology systems, along with a worldwide network of research and development (“R&D”), manufacturing, and sales, it provides automotive electronics and safety solutions to OEM customers around the globe. Committed to creating a smarter, safer, and more sustainable mobility experience, the Company strives to make every journey around the world more enjoyable and secure. During the Reporting Period, upholding its spirit of “re-entrepreneurship and innovation”, the Company pushed forward organizational innovation and strategic extension to expand its business into the robot industrial chain and position itself as a “Tier1 supplier across both the automotive and robotics” sectors, offering hardware, software and integrated solutions for key robotics components to global automakers and robotics firms.

The Company focused primarily on two core business segments: automotive electronics and automotive safety. The automotive electronics segment principally includes intelligent vehicle solutions, covering areas such as cockpit domain controllers, intelligent automotive connectivity, and intelligent driving, as well as human-machine interface products and new energy control systems. The automotive safety segment principally encompasses products such as seat belts, airbags, intelligent steering wheels, and integrated safety solutions. The Company also engages in the products such as smart cockpit components and new energy charging and power distribution systems through Senssun, its listed subsidiary.

We had over 25 R&D centers and over 60 production bases around the world, covering major automotive markets including Asia, Europe and North America, achieving a synchronous R&D, supply chain deployment, production and sales network with global OEMs. Amidst the historical shift of the automotive industry from conventional fuel-based vehicles to intelligent electric vehicles, the Company maintains its leadership in the development of automotive electronics and safety systems. It achieves this by consistently enhancing its core technology and independent R&D capabilities, adopting advanced and innovative design, maintaining a global R&D and manufacturing system, adhering to reliable quality management, and offering consistent quality service. The Company serves as a trusted long-term partner to globally renowned OEMs as it strives towards a “safer, smarter, and more environmentally friendly” future. According to the Top 100 Global Automotive Parts Suppliers in 2025 released by Automotive News, the Company claimed the 37th spot globally. According to Frost & Sullivan, based on revenue in 2024, the Company ranked as the second-largest intelligent cockpit domain controller supplier in China and the fourth-largest globally. It was also the second-largest supplier of automotive passive safety products both in China and worldwide.



# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. WANG Jianfeng (*Chairperson*)  
Mr. CHEN Wei (*President*)  
Ms. LI Junyu  
Mr. CAI Zhengxin

### Non-executive Directors

Mr. ZHU Xuesong  
Mr. ZHOU Xingyou

### Independent Non-executive Directors

Prof. WEI Xuezhe  
Prof. LU Guihua  
Prof. YU Fang  
Ms. XI Xuanhua

## AUDIT COMMITTEE

Prof. LU Guihua (*Chairperson*)  
Mr. ZHOU Xingyou  
Prof. YU Fang

## NOMINATION, REMUNERATION AND APPRAISAL COMMITTEE

Prof. WEI Xuezhe (*Chairperson*)  
Ms. LI Junyu  
Prof. LU Guihua

## STRATEGY AND ESG COMMITTEE

Mr. WANG Jianfeng (*Chairperson*)  
Mr. CHEN Wei  
Ms. LI Junyu  
Mr. CAI Zhengxin  
Mr. ZHU Xuesong  
Prof. WEI Xuezhe  
Prof. YU Fang

## JOINT COMPANY SECRETARIES

Mr. YU Chaohui  
Ms. YE Jiahong

## AUTHORIZED REPRESENTATIVES

Ms. LI Junyu  
Ms. YE Jiahong

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Clifford Chance

## PRC LEGAL ADVISOR

Beijing Jincheng Tongda & Neal (Shanghai) Law Firm

# CORPORATE INFORMATION

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## STOCK CODE

Shanghai Stock Exchange: 600699  
Hong Kong Stock Exchange: 00699

# CHAIRMAN'S STATEMENT

Dear Shareholders,

As seasons change and new fabulous chapters unfold, we now stand at the junction of concluding 2025 and embarking on the “15th Five-Year Plan”. Reflecting on Joyson Electronics’s journey over the past two turbulent decades, we have evolved from a small start-up in Ningbo specializing in automotive functional components into a Tier1 supplier with a strong global presence in the intelligent and electrified vehicle sector. This transformation has been shaped by our experience in global mergers, acquisitions and integration, continuous technological advancement, and sustained industrial upgrading. Every step of our progress has been made possible by the steadfast trust and support of all the Shareholders. On behalf of the Board of Directors and all employees of Joyson Electronics, I extend my sincere gratitude to every Shareholder who has accompanied us along the way and provided strong support throughout the Company’s development.

In recent years, the global landscape has been marked by rising trade tensions, intensifying geopolitical conflicts, fluctuations in automotive demand and supply chains, and increasingly intense competition. Facing these challenges, the Company has upheld the spirit of “Re-entrepreneurship and Innovation-driven Development”. On the one hand, leveraging our global footprint, we are able to respond flexibly to emerging challenges. We stay committed to the core operational objectives of “stabilizing growth and enhancing performance” to advance the streamlining and integration of global production capacity, optimize supply chain management, strengthen cost control, and improve operational efficiency. These efforts have yielded notable results, promoting sustained improvement in profitability. On the other hand, through organizational innovation and strategic expansion, we positioned ourselves as “Auto + Robot Tier1”, accelerated the expansion of our capabilities in core automotive component R&D and advanced manufacturing into the embodied intelligent robotics industry chain, embarking on the journey of re-entrepreneurship and building a second growth curve.

In 2025, with the concerted efforts of all employees of Joyson Electronics, the Company continued to make steady progress and achieved another year of solid results. We recorded revenue of approximately RMB61.2 billion, representing a year-on-year increase of approximately 9.5%. Our overall gross profit margin improved by 2.1 percentage points to 18.3%. Net operating cash flow increased to approximately RMB5.4 billion. Net profit attributable to the owner of parent company reached approximately RMB1.34 billion, representing a significant year-on-year increase of 39.0%, while net profit attributable to the owner of parent company after deducting non-recurring profit or loss amounted to approximately RMB1.5 billion, demonstrating strong operational resilience. The scale of new business orders has hit a new high of approximately RMB97 billion, setting a new record. We achieved multiple breakthroughs from zero to one in emerging businesses such as intelligent driving and central computing units, laying a solid foundation for the rapid growth of our automotive electronics business in future. In 2025, the Company was successfully listed on the Hong Kong Stock Exchange, establishing an “A+H” dual-listing structure and injecting stronger capital support into the Company’s global development.

## CHAIRMAN'S STATEMENT

The year of 2026 marks the first year of the “15th Five-Year Plan”. China has clearly identified the “development of new quality productive forces”, the “development and robust growth of emerging pillar industries”, and the “forward-looking deployment of future industries” as the core national priorities for this new era. It calls for accelerating the growth of strategic emerging pillar industries such as next-generation information technology, new energy, and intelligent connected new-energy vehicles, while fostering new growth drivers in areas including quantum technology and the sixth-generation mobile communications. These initiatives are highly aligned with Joyson Electronics long-term strategy. We will proactively capture the dual opportunities arising from policy direction and industry evolution, advancing from our automotive origins toward new breakthroughs. Leveraging our core competitive capabilities accumulated in high-end automotive manufacturing, we will build a high-caliber talent system, actively expand new business boundaries, and drive intelligent upgrading through emerging technologies. We aim to promote the Company's future performance growth and enhance our corporate value, while contributing Joyson Electronics strength to the broader goal of advancing modernization.

By the gale on this arduous long march, we shoulder weights to set sails again for vast oceans. As the blueprint of the “15th Five-Year Plan” unfolds, powerful waves of intelligent mobility, advanced manufacturing, embodied intelligent robotics, and technological innovation are reshaping the landscape at an unstoppable pace. Joyson Electronics will remain true to its original aspiration, stay rooted in high-end manufacturing, align closely with national strategic plans, and deeply cultivate core sectors such as intelligent vehicles and robotics. We will make forward-looking deployments in future industries, strengthen our development foundation through technological innovation, broaden our growth opportunities with a global perspective, and reward Shareholders' trust through pragmatic action. As a pioneer setting sail on the global stage, Joyson Electronics has undergone more than a decade of global expansion, integration, and consolidation, successfully building the “One Joyson” platform and cultivating an organization equipped with global vision and strong execution capabilities. This has not only enabled the transformation and upgrading of our own businesses and significantly enhanced our resilience against regional risks, but also positioned us to leverage our first-mover advantages in global deployment to support Chinese brands in accelerating the expansion of their global presence. With China's leadership in intelligent and electric vehicle technologies, and with increasing investment in areas such as intelligent driving, we will actively capture new opportunities arising from the intelligent-feature upgrade trend in overseas markets, striving to become the preferred Chinese intelligent-driving solutions provider for customers around the world.

We firmly believe that long-term commitment will ultimately deliver returns, and that innovation and steadfast execution are the path to sustained success. We sincerely invite all Shareholders to continue walking alongside Joyson Electronics as we move forward together. We are committed to delivering stronger operating results and more robust growth momentum, creating long-term and stable value for our Shareholders, while contributing Joyson's strength to elevating China's manufacturing industry toward the higher end of the global value chain.

Finally, I wish all our Shareholders good health, success in all endeavors, and prosperity in the year ahead.

**Mr. WANG Jianfeng**

*Chairperson*

March 30, 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY DEVELOPMENT

In terms of the global auto market, the automotive industry is facing a more complex and uncertain environment driven by slower growth in major economies, rising trade barriers (including tariffs), phasing out of subsidy policies, and increasing prices and shortages of key semiconductors. These challenges have disrupted global automotive sales, procurement, and production to some extent, while promoting the restructuring of the supply chain of the automotive industry from globalization toward regionalization and localization. Despite these pressures, global vehicle sales maintained modest growth in 2025, providing strong operational resilience for auto parts manufacturers. According to Global Data, global light vehicle sales reached approximately 91.94 million units in 2025 (excluding China's exports), representing a year-on-year increase of approximately 3.6%. Among which, sales in China (excluding exports) rose approximately 5.6% year-on-year to approximately 26.89 million units, sales in Europe increased by approximately 0.3% year-on-year to approximately 18.11 million units, and sales in the United States grew approximately 2.5% year-on-year to approximately 16.33 million units. In addition, data from Rho Motion showed that global new energy vehicle sales reached approximately 20.70 million units in 2025, representing an increase of approximately 20% year-on-year. The global new energy vehicle market continued to demonstrate growth resilience, largely driven by China. After experiencing a decline in sales due to the phasing out of subsidy policies in 2024, the European new energy vehicle market resumed growth in 2025, and sales reached approximately 4.3 million units, representing a year-on-year increase of 33%.

In terms of the Chinese market, the automotive industry continued to accelerate the transformation centered on new energy adoption and intelligent development. Major automakers, especially Chinese brands, rapidly launched new intelligent electric vehicle models which intensified market competition. At the same time, a combination of factors including the introduction and implementation of policies aimed at boosting auto consumption, such as the trade-in program and the auto industry stabilization measures, supported the steady growth in production and sales for the domestic automotive industry. Structurally, the auto sector continued to witness the steady increase in the penetration rate of new energy vehicles, rapid development of domestic brands alongside expanding market share, and strong growth in automobile exports. According to the data from the CAAM, China's total vehicle production and sales in 2025 reached 34.531 million and 34.400 million units, representing year-on-year increases of 10.4% and 9.4% respectively. Passenger vehicle production and sales reached 30.270 million and 30.103 million units, up 10.2% and 9.2% year-on-year respectively. New energy vehicle production and sales amounted to 16.626 million and 16.490 million units, representing increases of 29.0% and 28.2% year-on-year, respectively. New energy vehicles accounted for 47.9% of total new vehicle sales, up approximately 7 percentage points from the same period of the previous year. Chinese passenger vehicle brands achieved sales of 20.936 million units, up 16.5% year-on-year, with market share rising to 69.5%, representing an increase of approximately 4.3 percentage points as compared to the same period of the previous year. In addition, China's automotive exports continued to expand. In 2025, total vehicle export was up 21.1% year-on-year to 7.098 million units, allowing China to maintain its position as the world's largest automobile exporter.

## MANAGEMENT DISCUSSION AND ANALYSIS

Benefiting from the rapid electrification and intelligent development of China's automotive industry, Chinese auto parts companies have established multiple competitive advantages in technology and supply chain capabilities for vehicle electrification and intelligent development. This not only supports Chinese automakers in expanding overseas but also enables integration into the global research and development and procurement systems of international automakers. As a result, Chinese automakers have begun to provide solutions for the intelligent transformation and electrification of overseas key automakers, thereby creating broader market opportunities for Chinese auto parts companies. Furthermore, the rise of Robotaxi and low-altitude economy are opening up new growth avenue for automotive parts manufacturers. The mass deployment of Robotaxi and the accelerated commercialization of eVTOLs are placing higher demands on reliability, safety, and intelligent development, which drive demand for automotive-grade electronic parts such as domain controllers and energy management systems. This also paves way for additional market growth for automotive safety products. Leveraging their extensive experience, leading auto parts manufacturers in China are rapidly establishing their advantages in automotive supply chain into these two new sectors.

### BUSINESS REVIEW

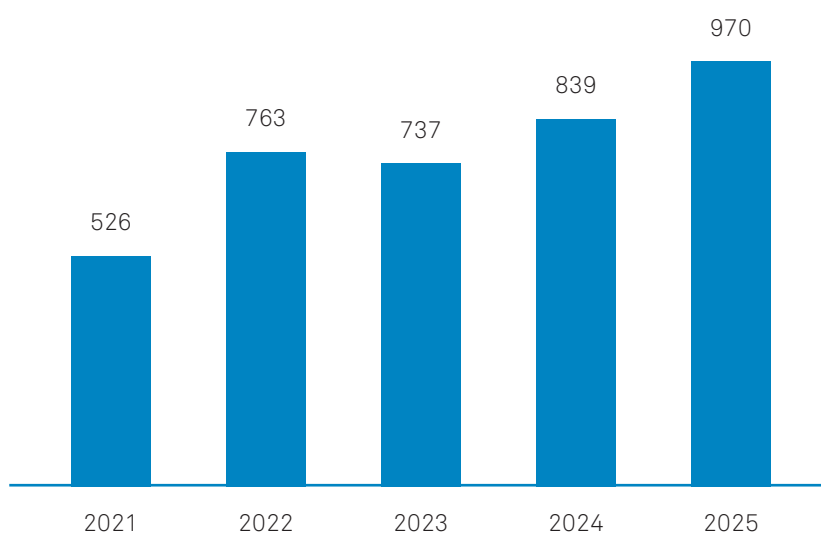
In 2025, facing a complex and volatile external environment, the Company upheld the spirit of "re-entrepreneurship, innovation forward". On the one hand, relying on its global layout, it responded flexibly, firmly centered on the core operational goals of "stabilizing growth and improving performance", and solidly advanced the streamlining and integration of global production capacity, optimized supply chain management, and strengthened cost control and efficiency improvement. The effects were significant, and profitability continued to improve and enhance. On the other hand, through organizational innovation and strategic extension, it positioned itself as "Auto + Robot Tier1", accelerated the expansion of its capabilities in the R&D and high-end manufacturing of core automotive components to the embodied intelligent robotics industry chain, embarking on the journey of re-entrepreneurship and building a second growth curve.

In 2025, the Company achieved an operating revenue of approximately RMB61.2 billion, representing a year-on-year increase of approximately 9.5%. The overall gross margin increased by 2.1 percentage points year-on-year to 18.3%. Net operating cash flow also grew to approximately RMB5.4 billion, continuing to maintain a high level. The net profit attributable to owners of the parent company was approximately RMB1.34 billion, representing a substantial year-on-year increase of 39.1%. The profitability of the main business continued to strengthen, and operational resilience was fully demonstrated.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the total life-cycle order value of newly acquired design-wins projects reached a new high of approximately RMB97 billion, of which the automotive safety business accounted for approximately RMB50.9 billion, and the automotive electronics business accounted for approximately RMB46.1 billion. The automotive safety business continued to maintain a large scale of new design-wins and achieved major breakthroughs in the expansion of new customer structures and business territories. The automotive electronics business has successively achieved new zero-to-one breakthroughs in the layout of emerging businesses such as central computing units integrating intelligent driving, intelligent connectivity, and intelligent cockpit functions, advanced driver assistance systems domain controllers, and in-vehicle multi-linked screens for intelligent cockpits, laying a solid foundation for the rapid growth of the automotive electronics business in the future. Leading domestic-brand automakers and emerging EV makers are becoming the core driving force for our order growth, with their proportion of design-wins continuing to rise.

**Full-lifecycle value of new design-wins  
(RMB 100 million)**



*Note:* The full-lifecycle order value of new design-wins is a preliminary estimate based on various assumptions and conditions, including projected production volumes of customers and price calculations. Due to a number of uncertainties such as changes in market demand, sales of vehicle models, adjustments to customers' strategies and changes in technical solutions, these figures may differ from actual recognized revenue and do not constitute any form of performance guarantee.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (I) Significant benefits from raw material cost reduction and other measures, with continuous improvement in the profitability of main businesses

Facing the competitive landscape and supply chain restructuring of the global automotive and component industry, the Company continued to deeply implement its globalized cost optimization strategy. In 2025, the Company's operating revenue maintained steady growth. Benefiting from the release of the effects of various cost reduction and efficiency enhancement measures heavily promoted in the early stage, the Company achieved significant results in global raw material cost reduction and operational efficiency improvement. The overall gross margin increased by approximately 2.1 percentage points year-on-year to approximately 18.3%.

By business segment, the automotive safety business achieved a gross margin of approximately 17.1%, a year-on-year increase of approximately 2.3 percentage points, with gross margins in all four major global regions achieving year-on-year increases; the automotive electronics business achieved a gross margin of approximately 19.2%, maintaining a stable gross margin when compared to prior year.

From a business region perspective, overseas regions focused on promoting the continuous decline of raw material costs through methods such as introducing Chinese suppliers and optimizing procurement prices from existing suppliers. While continuously optimizing and improving the OEE (Overall Equipment Effectiveness) of various overseas factories, the Company's global operations improvement team also adjusted and migrated production capacity from high-cost countries/regions to low-cost countries/regions, continuously driving the steady improvement of gross margins. During the Reporting Period, the gross margin in the Company's overseas regions increased by approximately 2.8 percentage points year-on-year to approximately 17.8%, with profitability continuously strengthening.

The Company will systematically advance its cost improvement strategy further around four major dimensions: global production capacity layout optimization, vertical integration of core components, supply chain construction, and lean expense control, aiming to release overseas organizational efficiency and consolidate the foundation for long-term profitability:

- Based on comprehensive considerations of geopolitics, supply chain resilience, and full life-cycle costs, accelerate the optimization of the global production capacity layout through the "closure, suspension, merger, and transfer of capacity in high-cost regions" and the "undertaking of capacity in low-cost regions". On the one hand, the Company decisively advanced the clearance of some production capacity in the Americas and Europe. In 2025, the integration and closure of three factories in the Americas region have been completed, and it is planned to complete the closure and core production line transfer of the remaining two factories in Europe and the Americas in 2026. The automotive electronics business simultaneously carried out resource integration in Europe, laying a solid foundation for future cost reduction, efficiency enhancement, and profitability improvement. On the other hand, it fully utilized the manufacturing advantages of low-cost regions to undertake transfer demands. For example, the expansion project of the Morocco steering wheel factory currently being advanced by the Company is expected to commence production in 2026, effectively undertaking the capacity transferred from Europe. Construction of a new steering wheel factory was initiated in Suzhou, Anhui, which will achieve deep self-manufacturing of all steering wheel processes after the project commences production.

## MANAGEMENT DISCUSSION AND ANALYSIS

- Deepen the vertical integration of core components to enhance the self-supply ratio and scale effects. During the Reporting Period, the Company's automotive safety business initiated the expansion of the inflator industrial base in Huzhou City, Zhejiang Province, to increase the self-supply ratio of inflator core components. It initiated the expansion of the airbag fabric and cushion factory in Philippines to expand the self-manufacturing capacity of airbag fabric, fully utilizing the cost and scale advantages of the Southeast Asia region. By strategically extending to the upstream supply chain, it effectively reduced external dependence, improved cost advantages, and enhanced global delivery resilience.
- Optimize the supply chain system to balance cost optimization and supply safety. In the face of unexpected events related to Sino-US tariff policies, the Company successfully passed the incremental costs down to downstream customers through a price adjustment mechanism, effectively addressing the impact of incremental costs. In terms of long-term strategy, the Company will adhere to the principle of "optimal landed cost", accelerate supply chain localization, focus on cultivating globally laid-out Chinese suppliers and alternative supply chains, advance multi-source supply of critical materials, and build a more resilient supply chain system.
- Systematically strengthen expense control from "R&D efficiency" to "organizational lean management". In terms of R&D, the Company strengthened the cost awareness across the entire value chain, took input-output efficiency as the core indicator for project initiation, comprehensively considered "technological advancement" and "cost rationality", and ensured that the allocation of R&D resources closely aligned with commercial value. At the same time, it optimized the global R&D layout, adjusted some overseas R&D functions to regions with cost advantages, and reduced repetitive development and investment through platformization, modularization, and the sharing of R&D resources. In terms of administrative expenses, in addition to controlling various expenditures, the Company will continuously review the effectiveness of the organizational structure, dynamically optimize the personnel structure, and strengthen shared services and regional collaboration to enhance per capita efficiency.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Continuous R&D and innovation around the intelligent and electrification transformation of automobiles to maintain technological leadership

#### 1. *Technological innovation in automotive electronics and breakthroughs in new businesses advancing hand in hand*

The Company continued to maintain high-intensity R&D investment in intelligent and electrification fields such as autonomous driving, ensuring the Company's continuous leadership in key areas. At the same time, relying on a cross-domain covering product portfolio, the first-mover advantage of its global layout, and the leading edge of China's intelligent electric vehicle technology, the Company expanded into emerging markets and new business areas. While assisting Chinese-owned automakers in accelerating their entry into the world, it actively seized new opportunities for intelligent upgrades in overseas markets, becoming the preferred Chinese provider of intelligent driving solutions for global customers. During the Reporting Period, the Company newly acquired life-cycle design-wins projects exceeding RMB20 billion in advanced intelligent product areas such as autonomous driving domain controllers, central computing units, and in-vehicle multi-linked screens (including functions such as active privacy protection), which are expected to become the core growth engine of the Company's automotive electronics business.

**Intelligent Driving and Intelligent Domain Integration:** Facing the differentiated demands of domestic and foreign markets, the Company adhered to the technological route of "multi-chip platforms + ecological cooperation". Collaborating with ecological partners, it continuously iterated advanced driver assistance functions such as L3\L4, forming a full-stack solution from entry-level to high-end, and extending towards unmanned autonomous driving on this basis. Concurrently, the Company is accelerating the completion of key capabilities such as visual perception to achieve technological and supply chain synergies with robotics sensors. During the Reporting Period, the Company expanded its business cooperation with Momenta, a leading autonomous driving algorithm company. Integrating the advantages of both parties in algorithms and engineering implementation, they jointly provided autonomous driving solutions covering high-speed, urban, and parking scenarios for domestic and foreign markets, and successfully secured project designations for high-level intelligent driver assistance projects from both domestic-brand automakers and global brand automakers. These projects are expected to gradually enter mass production in 2026. Designations for projects from other domestic and global customers are also currently being jointly advanced. Centered on L4 autonomous driving solutions for restricted scenarios, the Company collaborated with Senior Auto. The smart port digital management platform jointly developed by both parties, based on "V2X + L4 Autonomous Driving + Intelligent Cloud Dispatch", has been put into use and is operating stably at Ningbo Port. In terms of core computing power, in addition to cooperating with chip manufacturers such as Qualcomm, NVIDIA, Horizon Robotics, and Black Sesame Intelligent, the Company also made a strategic investment in Xheart (Suzhou) Technology Co., Ltd., an intelligent driver assistance chip company, and developed a high-level intelligent driver assistance domain controller based on its ADAS chip platform. The relevant chips have been successfully powered on and tested on vehicles. With the intelligent driving projects acquired in the early stage successively entering mass production from 2026, the Company's intelligent driving business is expected to usher in explosive growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, adapting to the evolution of the electrical and electronic (E/E) architecture towards “central computing + zonal control” and the industry trend of “software defining the vehicle,” the Company relied on an integrated software and hardware platform to promote the cross-domain integration and synergy of intelligent driving, intelligent cockpit, and intelligent connectivity. The Company already possesses a comprehensive product matrix of domain integration controllers, successively launching solutions such as central computing units, cockpit-driving integration, and cockpit-parking integration, and developing innovative products such as zonal control units (ZCU) for central integrated architectures to meet the diversified needs of different vehicle platforms and applications. During the Reporting Period, the commercialization of the Company’s domain integration products achieved a milestone breakthrough by successfully winning the project designation for the next-generation integrated computing platform of a leading global key automaker, providing the customer with a central computing unit that deeply integrates functions such as intelligent driving, intelligent cockpit, and intelligent connectivity, with mass production expected in 2027. The Company is also conducting multiple proof-of-concept (POC) projects with well-known domestic and foreign automakers, laying a solid foundation for acquiring new projects in the future.

**Intelligent Cockpit:** Currently, the Company is currently having sustained growth in volume from both domestic and foreign existing orders, and it has successfully mass-produced intelligent cockpit domain controllers for a leading domestic-brand automaker. In the face of the major trend of “software defining the vehicle”, the Company closely followed development trends such as large cockpit screens and multimodal interaction. Deepening cooperation with leading technology enterprises, it deeply integrated large model technologies with the intelligent cockpit to accelerate the R&D of next-generation intelligent cockpit products, continuously bringing users new functions and experiences and actively developing related cockpit derivative products. During the Reporting Period, the Company continued to improve the layout of in-vehicle display products such as independent screens and integrated multi-linked screens, and successfully obtained the mass production designation for the intelligent cockpit in-vehicle multi-linked screen product of an international mainstream automaker in the third quarter. Mass production is expected to start in the first half of 2027, with the full life-cycle demand expected to exceed 3 million units. In addition, the Company made its global debut of the future-oriented “JoySpace+ Immersive Intelligent Cockpit Solution.” This system brings together novel cockpit technologies and products such as full-domain flight control knobs, giant light field screens, crystal customizable control keys, and sky mirror displays. It deeply integrates multimodal interactions of vision, audio, touch, and voice to create immersive driving pleasure and experiences for users, systematically presenting the Company’s profound accumulation in key technologies of human-machine interaction, system integration, and engineering implementation.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Intelligent Connectivity:** During the Reporting Period, the Company is currently having sustained growth in volume from existing orders. The V2X solution provided for the all-new BMW 5 Series began mass production, and it successfully obtained a globalized intelligent connectivity project from a European luxury brand, providing it with intelligent antenna products supporting 5GA and smart networks. The Company supports vehicle platforms and cross-domain integrated development models through diverse product forms, and leverages its experience advantages regarding domestic and foreign laws, regulations, and ecosystems to provide key automakers with compliant product choices in the global market. In addition, to meet the “high bandwidth, low latency, high reliability” communication requirements under the trend of domain integration, the Company has forward-looking layouts in new connectivity technologies such as intelligent networking systems and in-vehicle communication optical modules. It accelerates the implementation of next-generation technologies through a combination of “business cooperation + strategic investment”. For example, the Company partnered with Zhongji Innolight Co., Ltd. to create and launch an in-vehicle optical communication solution, satisfying the demands of high-level autonomous driving and multi-screen cockpits, and providing a stable and reliable communication foundation for intelligent vehicles and immersive experiences. By strategically investing in Fast Photonics Technology Co., Ltd., it advanced the application and implementation of optical modules and expanded new business opportunities in the global market. Simultaneously, the Company will actively participate in the formulation of standards and testing validation for intelligent connected vehicles, promoting industry technological progress and ecosystem construction to seize the commanding heights of intelligent connected vehicle development.

**E-mobility:** Centered on “full life-cycle battery health management + efficient charging and power conversion”, the Company has formed a product portfolio covering battery management systems and in-vehicle power electronics, accelerating iteration to meet the demands of high-voltage platforms and ultra-fast charging. The battery management system focuses on integration and intelligence, possessing high-precision monitoring and cell balancing capabilities, and has stably supplied multiple well-known domestic and foreign automakers. In terms of power electronic products, the Company continued to increase R&D investment in in-vehicle power electronics. Core products such as ultra-fast chargers, on-board chargers, and DC/DC converters have achieved global mass production. It took the lead in launching an 850V high-voltage platform on-board charging product that supports bidirectional energy flow and V2G functions. This product can achieve intelligent bidirectional energy supply between the vehicle and the power grid as well as other external devices. It can dynamically respond to changes in grid load and compensate for frequency jumps up to  $\pm 2.5$  Hz/s in real-time, significantly enhancing grid stability and achieving uninterrupted bidirectional energy transfer with an energy transfer efficiency exceeding 95%. This product is among the first in the industry to feature V2G functions, which will help the Company grasp emerging application opportunities such as the popularization of high-voltage platforms and vehicle-grid interaction.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. *Automotive safety keeping pace with industry frontiers through iterative innovation, leading industry development*

With the accelerated penetration of new energy vehicles, the development of autonomous driving technology and intelligent cockpits, and the upgrading of safety regulations and crash test requirements, higher standards have been set for active and passive safety products. The Company closely followed cutting-edge industry technologies, deeply integrating safety products with electronic technology. Based on the different safety needs of vehicles in the three stages of perception, decision-making, and execution, it developed a series of innovative safety solutions to achieve more efficient, comprehensive, and comfortable intelligent safety protection. For example, targeting large-angle scenarios of zero-gravity seats, the Company partnered with a leading global seat supplier to launch a complete set of safety solutions for zero-gravity seats. It innovatively and seamlessly integrated key protective devices such as airbags and seatbelt pretensioners into the interior of the seat frame. Like a “tailor-made protective suit”, it accurately protects passengers of different heights, body types, and sitting postures, meeting global safety regulations while ensuring ride comfort, thereby shaping new standards for future cockpit safety. It launched the all-new “J” series platform-based inflator, which is applicable to various types of airbag systems, promoting the enhancement of scale effects and substantially reducing inflator costs. Facing future intelligent cockpit demands, it developed a new generation of optical enhanced seatbelts, innovatively integrating optical recognition characteristics into the webbing to adapt to emerging usage scenarios such as advanced occupant monitoring systems and autonomous driving, enhancing product added value, with the first mass production application expected in the mid-to-late 2026.

Furthermore, in an industrial environment where automotive safety regulations are accelerating their iteration, the Company actively participated in various automotive safety technology and standard research and evaluation work meetings and seminars, leading industry development trends. For instance, the Company participated in the 13th China Automotive Passive Safety Technology Regulation Summit, sharing innovative applications of multi-sensor fusion technology in adaptive safety systems, and participated in the release ceremony of the white paper “Technological Innovation and Development Trends of China’s Automotive Safety Components”.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Relying on first-mover advantages in globalization, actively seizing new opportunities from intelligent upgrades in overseas markets and the accelerated overseas expansion of Chinese automakers

Over the past two years, the Company actively grasped the market opportunities presented by the overseas expansion of Chinese key automakers and the intelligent transformation of overseas automakers, achieving multi-dimensional business breakthroughs. As a Chinese component enterprise with a global layout, the Company has established manufacturing bases and R&D centers in major automobile producing and consuming countries, forming a unique advantage through its Chinese genes and global footprint. On the one hand, it rapidly responds to demands, reduces communication costs, and utilizes global resources to provide Chinese key automakers going overseas with full-process solutions covering R&D, production, and after-sales at the best cost. On the other hand, combining the advantages of China's intelligent electric technology with global layout experience, it actively seized new opportunities for intelligent upgrades in overseas markets.

Regarding opportunities for intelligent upgrades by overseas key automakers, the Company has secured multiple mass production project orders and POC projects from overseas key automakers of European, Japanese, and Korean. The products will serve global markets including Europe and Asia, specifically including advanced driver assistance systems, smart cockpits, central computing units, zonal controllers, intelligent antennas, digital keys, and autonomous driving data recording systems. It is also actively planning forward-looking products such as in-vehicle communication optical modules, power supply units (PSU), and high-voltage direct current transmission (HVDC) to serve multiple customers globally. Taking a partnered Southeast Asian new energy vehicle manufacturer as an example, the Company successively obtained project designations for its advanced driver assistance solutions and digital keys, and the next step of cooperation will push the ADAS products to the European market.

In terms of assisting Chinese domestic brands in going overseas, the Company has already obtained orders for intelligent cockpits and zonal controllers from domestic emerging EV makers, and will further cooperate to promote China's leading intelligent cockpit and ADAS products to overseas partners. In addition, the Company is also collaborating with other domestic customers and partners to expand overseas business.

In the field of automotive safety business, relying on a mature global supplier system and overseas operational experience, it actively supports Chinese automakers going overseas. Currently, the Company's Thailand factory and India factory have already obtained overseas local business orders from multiple leading domestic key automakers and are continuously in mass production. Furthermore, it is continuously advancing cooperation matters with more domestic key automakers in Asia, Europe, and the Americas, seizing the supply chain first-mover advantage for Chinese automakers going overseas.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Future Industry Trends

1. *Accelerating pace of transformation of automotive intelligence with rapid growth in demand for components such as intelligent cockpits, intelligent driving and smart connectivity.*

In the automotive electronics sector, as vehicles transit from traditional transportation means to mobile intelligent terminals, various intelligent components, including intelligent cockpits, intelligent driving and smart connectivity, are expanding from mid-to-high-end models to a broader range of mid-to-low-end models, driven by iterative upgrades of technologies and cost reduction with economies of scale. These components are expected to further integrate into the broader ecosystem of smart cities, promoting a continuous increase in the value of electronic products per vehicle. According to data from the CAAM, the penetration rate of L2 combined driving assistance functions in domestic passenger vehicles amounted to 64% during the first three quarters of 2025, while the penetration rate of NOA functions has reached approximately 15% during the first 11 months of 2025.

Additionally, the deep integration of various types of smart technologies with the automotive industry redefines the functions and value of vehicles. The high-level technologies of the automotive industry and the strategic competitive focus of automakers are rapidly shifting toward emerging smart technologies, increasing their investments in emerging smart technologies to maintain a competitive edge through technological innovation. In the smart cockpit sector, consumer demands for convenience of use, driving safety, and in-car entertainment are driving the evolution of smart cockpit solutions toward multi-screen collaboration, multimodal interaction, and smart proactive interaction. Products such as smart cockpit-connectivity domain controllers, large smart displays, and smart switches are expected to maintain speedy growth. In the area of intelligent driving, L2 combined driving assistance functions have now entered the mass-assembly phase in China. In terms of policies, they have also gradually specified the industrialization path for L3 intelligent driving. On one hand, through the “admission + on-road launch pilot” mechanism, the government is promoting the implementation of on-road launch pilot available for vehicles fulfilling the conditions for mass production and equipped with L3 functions within designated areas. On the other hand, industrial policies explicitly propose the “admission subject to conditional approval for the production of L3 vehicles,” aiming to secure market admission licenses for the first batch of L3 models by the end of 2025 and launch pilot programs in designated areas, marking the formal entry of advanced autonomous driving into a phase of scalable application under a regulatory framework. At the same time, pilot programs for the application of integrated vehicle-road-cloud system continue to advance, providing infrastructure and synergistic management support for the scalable application of intelligent driving in defined scenarios. As vehicle E/E architectures continue to evolve from distributed to zone-based centralized and central computing architectures, and with the popular adoption of intelligent driving functions, domain controllers for intelligent driving and cockpit-integrated domain controllers, acting as core computing units, are expected to maintain rapid growth momentum. Smart connectivity terminals, which support functions such as high-speed and safe communication, remote control, OTA upgrade and cloud services, serve as essential infrastructure for achieving intelligence and driving safety and will also maintain a relatively fast growth trend.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *2. The global new energy vehicle market will continue its fast development, and electronic products relating to E-mobility will see relatively rapid growth*

According to the data of Rho Motion, global new energy vehicle (NEV) sales in 2025 are projected to amount to approximately 20.7 million units, representing a year-on-year increase of approximately 20%, far exceeding the overall growth rate of the global light-duty vehicle market. Among them, the Chinese market largely contributes to the global growth in NEV sales as a leader, while markets such as Europe and Southeast Asia also maintain relatively fast growth. In recent years, the European electric vehicle market slowed down under the impacts such as the phasing out of subsidy policies and headwinds on profitability of smart electric vehicles (EV). Nonetheless, since 2025, certain European markets have re-launched EV subsidy policies, for instance, new rounds of EV purchase subsidy programs were launched in Italy and Germany in September 2025 and January 2026, respectively, and sales of NEV in the European market are expected to speed up. In the medium to long term, the global NEV market will remain its growth at a fast pace. Electrification fundamentally enhances the responsiveness and control precision of automobile, serving as the foundation for automotive intelligence. As automotive consumption shifts from supply-driven to consumer-demand-driven, the development of supporting infrastructures such as charging networks successively accelerates in various countries, while global automakers are improving the supply and performance of EV products. Accordingly, the global market penetration rate of NEVs is expected to continue rising in the coming years. With the rapid growth in the number of NEV and the rise of high-voltage fast-charging platforms, the demand for energy management related products for NEV is growing swiftly, including among others, single and combo power electronics products, and battery management systems.

### *3. Regulatory drivers and smart upgrades, fueling innovation in safety products, will promote steady growth of the automotive safety industry*

Driven by stricter automotive safety standards mandated by various national regulations and crash test ratings, as well as consumers' growing emphasis on automotive safety and protection, the installation rate and value per vehicle of automotive safety-related products are expected to further increase with anticipated further expanding market size. Emerging markets such as India and South America are enhancing their safety regulations; for instance, India has increased the mandatory number of airbags from 2 to 6. Mature markets, including the United States, are expected to implement pedestrian protection regulations and automotive occupant safety rating standards by 2028, as well as introduce new requirements for electronic seatbelts in L3 and above autonomous vehicles. In addition, as intelligent driving features become increasingly popular and smart cockpit functions undergo innovative upgrades, the requirements for automotive safety systems are also gradually elevating. Meanwhile, innovative safety products continue to emerge, and the coverage of application of safety-related products such as high-value-added complete safety solutions for zero-gravity seats, active seatbelt pretensioners, smart steering wheels, in-vehicle monitoring systems, hands-off detection, and high-voltage battery circuit breakers, is expected to continue expanding, thereby boosting the value per vehicle of automotive safety products. Currently, the competitive landscape of global automotive safety industry is relatively stable, with high barriers to admission into the industry and a high degree of industry concentration. The Company's automotive safety business has ranked second globally in market share for several consecutive years. It is actively seizing opportunities among the industry presented by the economy of scale and the increasing value per vehicle of automotive safety through continuous innovation and R&D of new technologies and products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. *Chinese automakers are accelerating their global expansion, while Chinese parts and components suppliers are rapidly integrating into the international market*

Currently, China has become the world's largest automobile exporter, with exports of NEV growing at an even faster pace. Thanks to notable advancements in smart electrification technology, supply chain integration, R&D and manufacturing, Chinese domestic brands have established competitive advantages in multiple areas such as technology and cost efficiency for their global expansion. Both traditional Chinese domestic brands and emerging brands of NEV startups identifies and focuses on major markets in Europe, Southeast Asia, and Central and South America successively for overseas expansion. Furthermore, the overseas expansion model of Chinese key automakers is accelerating the shift from solely product exports toward a full-chain output model comprising "R&D, production, and sales". An increasing number of domestic brands establish localized production capacity in major overseas markets. Meanwhile, based on the technological first-mover advantage of Chinese parts and components suppliers in the arena of smart technology, international key automakers are increasingly adopting smart products from Chinese auto parts suppliers in the domestic markets to enhance product competitiveness and shorten R&D cycles. Chinese auto parts companies also gradually introduce their intelligent products to international markets, and overseas key automakers, particularly those in Europe, begin to adopt intelligent solutions from Chinese auto parts suppliers. As a Chinese parts enterprise that has already gone through its global expansion, the Company will leverage its global R&D, production and sales networks, leading technological capabilities and reliable quality of products to actively capitalize on the new business opportunities brought by the going-global trend of Chinese automakers and intelligent technologies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## COMPANY DEVELOPMENT STRATEGY AND BUSINESS PLAN

### 1. Advancing the Intelligence Strategy Upgrade to Build a New Generation of Smart Vehicle Product Matrix

Facing the intelligence wave in the automotive industry, the Company will use software and emerging smart technologies as the core driving force to build a new generation of smart vehicle product matrix. In terms of autonomous driving, the Company will adhere to the “multi-chip platform + ecosystem cooperation” autonomous driving technical route, and conduct deep cooperation with leading autonomous driving algorithm companies to continuously iterate high-level intelligent assisted driving domain controller products such as L3\L4. At the same time, complying with the E/E architecture evolution of “central computing + zonal control” and the industry trend of “software defining the vehicle”, the Company will continue to research and develop CCUs with deep cross-domain integration of functions such as intelligent cockpit, intelligent connectivity, and autonomous driving. It will ensure investment in core technological capabilities such as software, hardware, and algorithms, primarily target the intelligence configuration upgrade trend in overseas markets, go all out to achieve the conversion of new business orders, and become the preferred Chinese autonomous driving solution provider for global customers; in terms of intelligent cockpit, the Company will continue to closely follow development trends such as large cockpit screens and multi-modal interaction, deepen cooperation with leading technology enterprises, deeply integrate large model technology with the intelligent cockpit, and accelerate the R&D of next-generation intelligent cockpit products, continuously bringing new functions and experiences to users; in terms of intelligent connectivity, the Company will actively lay out new connectivity technologies such as next-generation 5G-V2X, Intelligent Connected Network System, and in-vehicle optical communication modules. According to relevant industry report, the market size for automotive optical modules is projected to exceed US\$12 billion by 2030, with a compound annual growth rate of 45% from 2023 to 2030. The Company is accelerating the implementation of next-generation technologies through a combination of “business cooperation + strategic investment”. For example, the Company established a new subsidiary, Ningbo Joyson Optoelectronics Co., Ltd. (寧波均勝光電子有限責任公司), to expand into the optical communication sector, jointly created and launched an in-vehicle optical communication solution with Zhongji Innolight Co., Ltd, thereby building a comprehensive intelligent connected ecosystem, and promoted the application and implementation of optical modules through strategic investment in Fast Photonics Technology Co., Ltd. thereby exploring new business opportunities in the global market. At the same time, the Company will actively participate in the formulation of standards and testing and verification of intelligent connected vehicles, promote industry technological progress and ecosystem construction, and seize the commanding heights of intelligent connected vehicle development.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Deepening the Electrification Strategy to Expand the Business Boundaries of E-mobility

Based on its first-mover advantage in the 800V high-voltage fast charging field, the Company will continue to closely follow the development trend of super fast charging and high-voltage platforms, and continuously promote the R&D and commercialization of 800V and kilovolt-and-above E-mobility products, including BMS, single and combo in-vehicle power electronics, wireless charging products, and super fast charging technologies. It will also actively expand its business boundaries in the field of NEVs energy management, especially in areas such as server power supplies. Since server power supply systems mainly include PDUs (power distribution units), AC/DC (alternating current to direct current conversion), and DC/DC (direct current to direct current conversion), etc., which are similar in composition and technical principles to in-vehicle power supply systems of NEVs, with core topologies and components being basically reusable, the Company's in-vehicle power supply systems meet various strict automotive-grade requirements such as electromagnetic shielding, salt spray testing, and anti-vibration stability. Server power supplies also need to meet high reliability requirements, making them an important expansion scenario for the horizontal extension of in-vehicle power supplies. Relying on its accumulation of automotive-grade power technologies, the Company will expand power supply system-related technologies and products, such as PSUs, HVDC, and solid-state transformers, by downscale and expand into the industrial-grade server power supply sector, while actively exploring the application of power sources in the intelligent data centre.

### 3. Deepening the Global Integration of Supply Chain, Production, and R&D to Optimize Cost Structure and Operational Efficiency

In the supply chain sector, the Company will build a stable global supply chain system, improve supply chain resilience, and enhance product cost competitiveness by optimizing supply chain resources, promoting domestic substitution, and increasing the self-supply ratio of core components. In the production and operations sector, the Company will continue to advance the optimized layout of global production capacity, increase capacity utilization, and promote the transfer of overseas production capacity to low-cost and high-efficiency countries/regions and China. Meanwhile, through more refined production and operations planning, it will promote intelligent manufacturing upgrades in regions with higher labor costs to continuously improve production efficiency. In the R&D sector, the Company will continuously integrate cost optimization into the design and R&D stages, adjust global R&D resources, and build a highly efficient global R&D network.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Strengthening the Chinese Market Advantage and Global Resource Integration to Actively Grasp New Business Opportunities from Intelligence Configuration Upgrades in Overseas Markets and the Accelerated Overseas Expansion of Domestic Brands

The Company will utilize its technical advantages in intelligence and electrification to actively grasp new opportunities for intelligence configuration upgrades in overseas markets, carry out close technical cooperation with overseas key automakers, become the preferred Chinese autonomous driving solution provider for global customers, and empower global key automakers to stay at the forefront of the intelligence and electrification transformation in the automotive industry; relying on the first-mover advantage of its global layout, the Company will fully leverage the systemic advantages of its global R&D, supply chain, and production layout, as well as its familiarity with overseas market technical standards, to help domestic brands accelerate their overseas expansion while actively grasping new business opportunities.

### 5. Building an Innovation Ecosystem and Achieving Win-Win Cooperation and Actively Building a Second Growth Curve

The Company will strengthen the construction of an innovation ecosystem, promote open cooperation, and achieve win-win cooperation. Through organizational innovation and strategic expansion, it will accelerate the expansion of its capabilities in the R&D and high-end manufacturing of core automotive components as well as its rich experience in industrial production scenarios worldwide to the embodied intelligent robotics industry chain, embarking on the journey of re-entrepreneurship and building a second growth curve.

The Company will continue to strengthen strategic cooperation with suppliers to jointly build an efficient, stable, and innovative supply chain system and enhance the overall competitiveness of the industry chain. It will establish a more open innovation mechanism, encourage internal innovation, and also actively introduce external innovation resources; strengthen cooperation with advanced research institutes, universities, and startup enterprises to jointly promote technological innovation and industrial upgrading. By participating in the establishment of innovation funds, strategic equity investments, and other methods, it will support the R&D of cutting-edge technologies and the incubation of innovative projects, reserving technologies and talents for the Company's development. The Company will also strengthen cross-boundary cooperation with internet enterprises and technology enterprises to jointly explore the deep integration of automobiles with the internet and emerging technologies, creating new business models and user value and actively building a second growth curve.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6. Deepening the ESG Layout to Practice Global Sustainable Development Goals

The Company will continuously improve its ESG compliance and supply chain due diligence systems, continuously advance the construction of supply chain ESG management and traceability systems, strengthen carbon footprint management and energy conservation and emission reduction, and strive to promote supply chain carbon neutrality.

Comprehensively considering the current external environment, the development of the automotive and embodied intelligent robotics industries, and the Company's actual situation, the Company will strive to achieve a rapid growth in operating revenue and profit in 2026. The above business targets are merely forward-looking statements of the Company's business plan for 2026. They do not constitute a substantive commitment by the Company to investors, nor do they represent the Company's profit forecast. Whether they can be realized is affected by many variable factors such as changes in the external environment and industry development conditions, presenting significant uncertainty. Investors are advised to pay attention to investment risks.

### Risks and Countermeasures

#### 1. *Macro Environment and Industry Risks*

The development of the auto part industry in which the Company operates largely depends on the downstream automotive sector. The automotive industry is highly correlated with macro factors such as politics and the economy. Cyclical fluctuations in the global macro-environment, as well as geopolitical factors in certain countries or regions, may affect automobile production and consumption. Although the Company's customers are primarily internationally renowned enterprises with strong market competitiveness and risk resilience, any adverse impact on their operations due to the macro environment or market demand may lead to a reduction in orders, thereby negatively affecting the Company's operations.

The Company will closely monitor macroeconomic and industry trends, strengthen market analysis, and adjust its operational plan and development strategies in a timely manner. It will deepen cooperation with key customers while expanding a diversified customer base to actively respond to industry competition and demand changes. The Company will improve its sales forecasting system, establish the mechanism to track and correct forecast deviations, and maintain flexibility in production and supply chain planning, so as to address demand fluctuations and competitive pressures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. *Raw Material Price Fluctuation Risk*

The raw materials and parts required for the Company's production are affected by multiple factors, including global inflation, market supply and demand, and geopolitics. If their prices continue to rise and cost pressures cannot be effectively passed on to downstream customers, the Company's profitability may be affected.

The Company addresses this risk through centralized procurement and enhanced supply chain cost management capabilities. Specific measures include continuously optimizing procurement processes, promoting centralized purchasing for key raw materials, setting cost-reduction targets and advancing annual price negotiations, diversifying suppliers and developing potential supplier resources, and improving cost competitiveness through design optimization.

### 3. *Supply Chain Security Risk*

The Company's procurement and delivery chains are long and globally distributed. Geopolitical conflicts, escalating sanctions and export controls, rising tariff barriers, or instability among key suppliers may result in supply shortages, delivery delays, and increased costs in certain regions. This, in turn, may affect order fulfillment and operating performance.

The Company will continue to improve its global procurement and supply chain system. Specific measures include strengthening supplier risk management and tiered evaluation, promoting multi-source supply and developing alternative supply chains for key materials, and implementing necessary localized sourcing strategies for certain critical materials to enhance supply resilience and delivery stability. In addition, the Company also closely monitors geopolitical developments and tariff policy changes, actively addresses compliance and trade risks, and builds a comprehensive supply chain mitigation framework.

### 4. *Product Quality Risk*

Auto parts are subject to stringent quality and safety requirements. Major product quality issues may lead to customer claims and litigation, order losses, and damage to market reputation, and may even result in legal cases and regulatory penalties. These risks could adversely affect the Company's profitability and business expansion.

The Company will continue to optimize product quality control and traceability processes, strengthen quality management of core components, and improve project development and quality management mechanisms. It will also enhance global quality incident investigation and closed-loop management mechanisms, improve traceability and refine processes. Leveraging information technology, the Company aims to ensure consistent global compliance with testing requirements for key products, thereby reducing risk in a systematic manner.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. *Product Competitiveness Risk*

Technologies in automotive electrification and intelligent development are evolving rapidly. If the Company fails to update its products and optimize its product portfolio in a timely manner, or lacks sufficient innovation, its products may lose market competitiveness. This could result in product substitution or intensified competition, thereby affecting its market share and profitability.

The Company will strengthen its insight and evaluation of technological trends and market developments, enhance new product research and development and technological upgrades, promote a diversified product mix, and optimize the balance of its product and customer structures. It will increase resources for research and development of new technologies and products, strengthen innovation investment, enhance product competitiveness, and expand market development to accelerate the commercialization of emerging business areas.

### 6. *Goodwill Impairment Risk*

The Company has achieved business expansion through inorganic mergers and acquisitions, resulting in a significant amount of goodwill. In 2025, the Company's operating performance continued to improve, and no goodwill impairment was identified following goodwill impairment testing. If there are significant adverse changes in the macroeconomic environment, downstream industries, or market conditions in the future, or if the operating performance of relevant subsidiaries falls short of expectations, the Company may face goodwill impairment risks, which could negatively impact its business results.

The Company will continue to implement various measures to improve quality and efficiency across relevant assets and business units. It will strengthen operational monitoring and analysis, and promote sustained improvement in profitability, so as to mitigate impairment risks.

### 7. *ESG and Environmental Compliance Risk*

Major global markets are imposing increasingly stringent requirements on carbon emissions, supply chain due diligence, product carbon footprints, and information disclosure. As a result, the Company's environmental and ESG compliance costs have increased, while downstream customers are demanding higher levels of supply chain traceability. Failure to meet these compliance requirements may lead to restricted access to orders, higher compliance costs, regulatory penalties, or reputational risks.

The Company will continue to improve its ESG compliance and supply chain due diligence systems and strengthen monitoring of ESG regulations. It will further advance ESG management and traceability system within the supply chain, enhance carbon footprint management, and promote energy conservation and emissions reduction to ensure compliance in its operations and control compliance costs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this annual report and should be read in conjunction with them.

### Revenue

#### *Revenue by Product Line*

We generate our revenue primarily from providing (i) automotive safety solutions, including airbags, intelligent steering wheels, seatbelts and integrated safety solutions, (ii) automotive electronics solutions, including automotive intelligence solutions, E-mobility solutions and HMI products, and (iii) other solutions which mainly include products and solutions of our subsidiary Senssun, including air management systems, luxury smart trim parts and new energy electric charging and distribution systems.

The following table sets forth a breakdown of our revenue by product line in amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31, 2025		Year ended December 31, 2024		Change	
	Revenue <i>RMB'000</i>	Percentage of total revenue %	Revenue <i>RMB'000</i>	Percentage of total revenue %	<i>RMB'000</i>	%
Automotive safety solutions	<b>38,499,111</b>	<b>62.9</b>	38,658,739	69.2	(159,628)	(0.4)
Automotive electronics solutions	<b>16,758,818</b>	<b>27.4</b>	16,996,416	30.4	(237,598)	(1.4)
Others	<b>5,924,760</b>	<b>9.7</b>	208,422	0.4	5,716,338	2,742.7
<b>Total</b>	<b>61,182,689</b>	<b>100.0</b>	55,863,577	100.0	5,319,112	9.5

The Group's revenue for the year ended December 31, 2025 was RMB61,182.7 million, representing an increase of RMB5,319.1 million as compared with RMB55,863.6 million for the year ended December 31, 2024. The revenue growth was primarily driven by the steady operation of the automotive electronics business and automotive safety business amid intense market competition, as well as the consolidation of financial statements of Senssun.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue by Geographical Region

Our revenue is mainly generated from China and overseas markets. Overseas markets primarily include the rest of Asia, Europe, the Americas and Africa. The following table sets forth a breakdown of our revenue by geographical region, determined by the location of customers, in amounts and as percentages of our total revenue for the years indicated:

	Year ended December 31, 2025		Year ended December 31, 2024		Change	
	Revenue RMB'000	Percentage of total revenue	Revenue RMB'000	Percentage of total revenue	RMB'000	%
		%		%		
China	16,736,384	27.4	14,156,943	25.3	2,579,441	18.2
Overseas	44,446,305	72.6	41,706,634	74.7	2,739,671	6.6
<b>Total</b>	<b>61,182,689</b>	<b>100.0</b>	<b>55,863,577</b>	<b>100.0</b>	<b>5,319,112</b>	<b>9.5</b>

Geographically, the Company's revenue from domestic operations amounted to approximately RMB16,736.4 million, representing an increase of 18.2% year-on-year. Its revenue from overseas operations reached approximately RMB44,446.3 million, representing an increase of 6.6% year-on-year.

### Cost of Sales

Our cost of sales primarily consists of (i) material cost and (ii) manufacturing cost, which mainly include staff cost, depreciation and amortization, shipping cost and warranty expense.

The following table sets forth a breakdown of our cost of sales by nature in amounts and as percentages of our total cost of sales:

	Year ended December 31, 2025		Year ended December 31, 2024		Change	
	RMB'000	%	RMB'000	%	RMB'000	%
		%		%		
Material cost	35,634,410	71.3	33,312,864	71.2	2,321,546	7.0
Manufacturing cost	14,352,208	28.7	13,486,984	28.8	865,224	6.4
<b>Total</b>	<b>49,986,618</b>	<b>100.0</b>	<b>46,799,848</b>	<b>100.0</b>	<b>3,186,770</b>	<b>6.8</b>

The cost structure remained relatively stable as compared to the same period of the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross Profit and Gross Profit Margin

#### Gross Profit and Gross Profit Margin by Product Line

The following table sets forth a breakdown of our gross profit and gross profit margin by product line for the years indicated:

	Year ended December 31, 2025		Year ended December 31, 2024		Change	
	Gross profit		Gross profit		Gross profit	
	Gross profit RMB'000	margin %	Gross profit RMB'000	margin %	Gross profit RMB'000	margin %
Automotive safety solutions	6,585,222	17.1	5,737,396	14.8	847,826	2.3
Automotive electronics solutions	3,218,564	19.2	3,270,969	19.2	(52,405)	0.0
Others	1,392,285	23.5	55,364	26.6	1,336,921	(3.1)
<b>Total</b>	<b>11,196,071</b>	<b>18.3</b>	<b>9,063,729</b>	<b>16.2</b>	<b>2,132,342</b>	<b>2.1</b>

The Group's gross profit for the year ended December 31, 2025 was RMB6,585.2 million, representing an increase of RMB847.8 million from RMB5,737.4 million for the year ended December 31, 2024. Gross profit margin for the year ended December 31, 2025 was 18.3%, compared with 16.2% for the year ended December 31, 2024, representing a year-on-year increase of 2.1 percentage points.

#### Gross Profit and Gross Profit Margin by Geographical Region

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical region for the years indicated:

	Year ended December 31, 2025		Year ended December 31, 2024		Change	
	Gross profit		Gross profit		Gross profit	
	Gross profit RMB'000	margin %	Gross profit RMB'000	margin %	Gross profit RMB'000	margin %
China	3,287,909	19.6	2,786,974	19.7	500,935	(0.1)
Overseas	7,908,162	17.8	6,276,755	15.0	1,631,407	2.8
<b>Total</b>	<b>11,196,071</b>	<b>18.3</b>	<b>9,063,729</b>	<b>16.2</b>	<b>2,132,342</b>	<b>2.1</b>

The gross profit margin of our overseas business continued to rise during the year, primarily attributable to the realization of the benefits from the various cost reduction and efficiency enhancement initiatives prioritized by the Company in the previous periods, in particular the significant reduction in global raw material costs and the improvement in operational efficiency which led to remarkable improvement in gross profit.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SELLING AND MARKETING EXPENSES

Our selling and marketing expenses increased by RMB230.1 million, from RMB584.4 million in 2024 to RMB814.5 million in 2025, which remained stable from the previous year after excluding the impact of consolidation of Senssun during the current year.

### ADMINISTRATIVE EXPENSES

Our administrative expenses increased by RMB275.5 million, or 7.7%, from RMB3,556.0 million in 2024 to RMB3,831.5 million in 2025. After excluding the impact of consolidation of Senssun during the current year, the administrative expenses for the year decreased as compared to the previous year, primarily attributable to higher staff costs associated with capacity optimization and structure streamlining in Europe during the previous year, which resulted in a decline in administrative expenses for the year as compared with the previous year.

### FINANCE COSTS

Our finance costs increased by RMB246.9 million, or 29.8%, from RMB827.8 million in 2024 to RMB1,074.7 million in 2025, primarily attributable to the decrease in exchange gains over the last period resulted from exchange rate fluctuations during the year after excluding the impact of consolidation of Senssun.

### RESEARCH AND DEVELOPMENT COSTS

Our research and development costs for 2024 and 2025 were RMB2,584.9 million and RMB3,289.0 million respectively, representing an increase of RMB704.1 million, or 27.2%.

Excluding the impact of the consolidation of Senssun this year, the research and development costs for the year recorded an increase as compared to the previous year. The increase was primarily attributable to the fact that the Company stepped up the investment in cutting-edge technology within the intelligent electric vehicle industry such as autonomous driving and increased its R&D investment in robotics business.

### INCOME TAX EXPENSES

Our income tax expenses decreased by RMB99.8 million, or 14.9%, from RMB669.5 million in 2024 to RMB569.7 million in 2025, primarily attributable to the utilization of deductible losses resulting from improved profitability this year.

### TRADE AND OTHER RECEIVABLES

Our short-term trade and other receivables increased by 5.8% from RMB11,354.5 million as of December 31, 2024 to RMB12,008.3 million as of December 31, 2025, primarily reflecting the normal course of our business operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDEBTEDNESS

As of December 31, 2024 and December 31, 2025, the aggregate balance of our loans and borrowings was RMB23,681.3 million and RMB24,209.0 million, respectively.

	<b>December 31, 2025</b>	December 31, 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Short-term loans and borrowings	<b>15,821,651</b>	8,495,857
Long-term loans and borrowings	<b>8,387,310</b>	15,185,426
	<b>24,208,961</b>	23,681,283

The increase in short-term loans and borrowings was primarily attributable to the long-term borrowings of RMB5,522 million of Joyson Safety, which is expected to expire in 2026 pursuant to the original loan agreement. The Company has completed long-term borrowing replacements of the above expiring loans in January 2026. The portion expiring in a year will be approximately RMB351 million after the replacement, with the remaining all being long-term loans longer than a year.

### TRADE AND OTHER PAYABLES

As of December 31, 2025 and December 31, 2024, our short-term trade and payables amounted to RMB15,792.2 million and RMB15,215.4 million, respectively, remaining largely stable.

### LIQUIDITY AND CAPITAL RESOURCES

The Group adopts a prudent funding and treasury policy with a view to optimize its financial position. The Group regularly monitors its funding requirements to support its business operations and performs ongoing liquidity review. Our primary uses of cash are to satisfy its working capital, capital expenditure and investment needs. For the Reporting Period, the Group financed its operations primarily through cash and cash equivalents, cash flows from operating activities, available bank loans and banking facilities, and net proceeds from the Global Offering of the H Shares, details of which were disclosed in the prospectus. Cash and cash equivalents of the Group increased by 33.2% from RMB5,979.1 million as of December 31, 2024 to RMB7,964.8 million as of December 31, 2025, primarily attributable to an increase in cash from operating activities and financing activities.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a consolidated statement of cash flows for the Group for the years indicated:

	<b>For the year ended December 31, 2025 RMB'000</b>	For the year ended December 31, 2024 RMB'000
<b>Cash generated from (used in):</b>		
Operating activities	<b>5,398,030</b>	4,601,804
Investing activities	<b>(4,145,140)</b>	(1,988,237)
Financing activities	<b>643,750</b>	(871,541)
<b>Net increase in cash and cash equivalents</b>	<b>1,896,640</b>	1,742,026

The net cash and cash equivalents for the year increased by RMB1,896.6 million from the previous year, primarily attributable to the higher profitability for this year, with an increase of RMB796.2 million in cash flow from operating activities compared to the previous year. In addition, cash outflows from investing activities during the year mainly include necessary capital expenditures to support future business development and strategic investments in areas such as intelligent driving and optical modules. Cash inflows from financing activities during the year mainly include proceeds received from the Company completing its offering and listing of H shares.

### CAPITAL EXPENDITURES

Our capital expenditures are primarily cash used to purchase property, plant and equipment and other intangible assets. Our capital expenditures increased by 34.1% from RMB3,212.6 million in 2024 to RMB4,308.1 million in 2025, primarily due to the increase in purchase of property, plant and equipment for projects under development in line with our business needs. The Group financed these capital expenditures through cash generated from operations and bank loans.

### CONTINGENT LIABILITIES

As of December 31, 2025, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group that is likely to have a material and adverse effect on our business, financial condition or results of operations.

### GEARING RATIO

The Group monitors capital structure on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity at the end of the respective year.

The gearing ratio as at December 31, 2025 and December 31, 2024 were 1.0 and 1.2.

### MORTGAGE AND PLEDGE OF ASSETS

As of December 31, 2025, the Group's assets under mortgage and pledge had a book value of RMB9,913.9 million and RMB865.2 million, respectively, compared with RMB9,740.4 million and RMB869.9 million as at December 31, 2024. Assets under mortgage mainly include property, plant and accounts receivable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE RISK

The Company operates globally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency other than the respective functional currency of our subsidiaries.

The Company employs hedging strategies for currency settlement, including the use of certain derivative instruments (primarily including forward foreign exchange contracts and currency swaps), entering into forward foreign exchange hedging contracts, and managing the scale of foreign currency assets and liabilities to minimize foreign exchange risk and mitigate the impact of exchange rate fluctuations on operating results.

### SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

As of the end of the Reporting Period, the Group did not have any significant investment required to be disclosed pursuant to Paragraph 32(4A) of Appendix D2 to the Hong Kong Listing Rules.

During the Reporting Period, the Company had no material acquisition and/or disposal of subsidiaries, associates and joint ventures.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND INVESTMENTS IN CAPITAL ASSETS

As at the date of this annual report, save as disclosed in this annual report and “Future Plans and Use of Proceeds” of the Prospectus, the Group did not have any plans for material investments and capital assets.

### EVENT AFTER THE REPORTING PERIOD

On March 23, 2026, at the 41st meeting of the eleventh session of the Board of the Company, a resolution was passed to grant the Board a general mandate to repurchase the Company’s H shares. The Board and its authorized representatives are authorized to repurchase a total number of shares not exceeding 10% of the H shares issued by the Company (excluding treasury shares) as at the date of the resolution of the general meeting, and the repurchased shares will be used for cancellation on and reducing the registered capital or held as treasury shares. On April 15, 2026, at the extraordinary general meeting of the Company, a resolution was passed to grant the Board a general mandate to repurchase the H Shares. The Board and its authorized representatives are authorized to repurchase a total number of Shares not exceeding 10% of the H Shares issued by the Company (excluding treasury Shares) as at the date of the resolution of the general meeting, and the repurchased Shares will be used for cancellation on and reducing the registered capital or held as treasury Shares. Save for this matter and the 2025 dividend distribution, the Company has had no other significant subsequent events since the end of the Reporting Period and up to the date of this annual report.

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. WANG Jianfeng**, aged 56, holds an Executive Master of Business Administration (EMBA) from Guanghua School of Management of Peking University (北京大學光華管理學院), is a senior economist, the Chairperson and an executive Director. Mr. WANG Jianfeng has served as the Chairperson and an executive Director since May 2011. He served as the president of the Company from May 2011 to April 2023. Mr. WANG Jianfeng currently also holds directorships in various subsidiaries of the Company. Mr. WANG Jianfeng has extensive experience in the field of automotive industry. He previously served as the general manager of ITW (Ningbo) Components & Fastening Systems Co., Ltd (天合(寧波)電子元件緊固裝置有限公司), the general manager of the strategic development department of TRW China, and the general manager of Ningbo Yongxing Vehicle Parts Co., Ltd (寧波甬興車輛配件有限責任公司). Mr. WANG Jianfeng also currently serves as the Chairperson of Joyson Group and the Chairperson of the board of PIA Automation.

**Mr. CHEN Wei**, aged 56, holds an Executive Master of Business Administration (EMBA) from China Europe International Business School (中歐國際工商學院), and is an executive Director and the president of the Company. Mr. CHEN Wei joined the Group in February 2018, was appointed as an executive Director in August 2019, served as a vice president of the Company from July 2019 to April 2023, and has been the president of the Company since April 2023. Mr. CHEN Wei currently also serves as the chairman of Anhui Junsheng Automotive Safety System Holdings Co., Ltd (安徽均勝汽車安全系統控股有限公司), the chief executive officer of the Company's automotive safety division, and a director of various subsidiaries of the Company. Mr. CHEN Wei has extensive experience in the automotive industry. In addition to his working experience in the Group, Mr. CHEN Wei previously served as the chief executive officer of Asia Pacific region of ThyssenKrupp Presta (Shanghai) Co., Ltd (蒂森克虜伯普利斯丹汽車轉向(上海)有限公司), the general manager of ThyssenKrupp Fawer Automotive Steering Column (Changchun) Co., Ltd (蒂森克虜伯普利斯丹富奧汽車轉向柱(長春)有限公司), and a procurement project manager of FAW-Volkswagen Automotive Co., Ltd (一汽大眾汽車有限公司).

**Ms. LI Junyu**, aged 47, holds a master of professional accounting (MPACC) from Wuhan University (武漢大學) and an Executive Master of Business Administration (EMBA) from Guanghua School of Management of Peking University, holds a qualification certificate of the Chinese Institute of Certified Public Accountants, and is an executive Director, a vice president and the financial director of the Company, and also serves as a director of various subsidiaries of the Company. Ms. LI Junyu has various working experience in financial management covering various financial management areas. She has served as the financial director of the Company since April 2015, was appointed as an executive Director in April 2021, and has the vice president of the Company since April 2023. She currently also serves as a director of Joyson Group, and previously served as the deputy financial director of the Company, and the finance director and manager of Huade Plastic Corporation Limited (華德塑膠製品有限公司).

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. CAI Zhengxin**, aged 54, holds a master's degree in industrial engineering from Shanghai Jiao Tong University, and is an executive Director. Mr. CAI Zhengxin joined the Group in July 2011, has served as the vice chairman of the board of Ningbo Preh Joyson Automotive Electronics Co., Ltd. (寧波普瑞均勝汽車電子有限公司) since May 2015, the chief executive officer and president of Preh GmbH since March 2021, and was appointed as an executive Director in April 2023. Mr. CAI Zhengxin has extensive experience in the automotive industry. Prior to joining the Group, Mr. CAI Zhengxin previously served as the deputy general manager of sales for the China region of Gentex (Shanghai) Electronics Technology Co., Ltd (鏡泰(上海)電子技術有限公司), the factory general manager of Changshu SCI Automotive Safety Components Co., Ltd (常熟愛司惜安汽車安全部件有限公司), and the operations director of ITW (Ningbo) Components & Fastening Systems Co., Ltd (TRW).

### NON-EXECUTIVE DIRECTORS

**Mr. ZHU Xuesong**, aged 57, holds an Executive Master of Business Administration (EMBA) from China Europe International Business School, was appointed as a non-executive Director and the vice chairperson of the Board in August 2019, and currently also serves as a director of various subsidiaries of the Company. Mr. ZHU Xuesong joined Joyson Group in January 2014, and is currently the president of Joyson Group and a director of PIA Automation.

**Mr. ZHOU Xingyou**, aged 59, holds a master's degree in law from East China University of Political Science and Law (華東政法大學), and is a non-executive Director. Mr. ZHOU Xingyou joined Joyson Group in October 2017, served as the chairperson of the Supervisory Committee from August 2019 to March 2024, was appointed as a non-executive Director in May 2024, and currently also serves as a supervisor of Joyson Group and a director of PIA Automation.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Prof. WEI Xuezhe**, aged 56, obtained his bachelor's and master's degrees in automation from the School of Electronic and Information Engineering of Tongji University, and his doctorate degree in vehicle engineering from the School of Automotive Studies of Tongji University (同濟大學汽車學院), and was appointed as an independent non-executive Director in September 2021. Prof. WEI has various academic experience in the automotive industry. He currently serves as a professor and doctoral tutor of the School of Automotive Studies of Tongji University. His main research direction is the power supply system of new energy vehicles, including research on lithium-ion battery and fuel cell systems. As a project leader, he presided over one National Science and Technology Support Program project, and participated in more than ten National "863" projects as a subject leader and main researcher. He has authored two books, published over 100 SCI/EI papers, and applied for more than 20 invention patents. As a key member, his participation in "Integration and Control Technology of Fuel Cell Car Power System (燃料電池轎車動力系統集成與控制技術)" won the First Prize for Scientific and Technological Progress in Shanghai (上海市科技進步一等獎) in 2007; "Key Technologies of Fuel Cell Car Power Platform (燃料電池轎車動力平台關鍵技術)" won the Second Prize for National Scientific and Technological Progress (國家科技進步二等獎) in 2008; and "Key Technologies and Applications of Integrated Control of Automotive Multi-source Powertrain (汽車多源動力總成集成控制關鍵技術與應用)" won the First Prize for Scientific and Technological Progress (上海市科技進步一等獎) in Shanghai in 2013. As a project leader, his project named "Key Technologies and Industrialization of Battery Management Systems (電池管理系統關鍵技術及產業化)" won the Second Prize for Scientific and Technological Progress in Shanghai (上海市科技進步二等獎) in 2017; as a project leader, his project named "Key Technologies and Industrialization of Long-life Fuel Cell Systems for Commercial Vehicles (長壽命商用車燃料電池系統關鍵技術及產業化)" won the China Automotive Industry Science and Technology Progress Award (中國汽車工業科學技術進步獎) in 2020. Prof. WEI currently also serves as an independent director at Avary Holding (Shenzhen) Co., Limited (鵬鼎控股(深圳)股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002938.SZ).

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Prof. LU Guihua**, aged 58, holds a bachelor's degree in automation from Zhejiang University (浙江大學), a master's degree in finance from Hunan University of Finance and Economics (湖南財經學院), a doctorate degree in accounting from School of Economics and Management of Tsinghua University (清華大學), and a doctorate degree in applied economics from Central University of Finance and Economics (中央財經大學), is a Chinese Certified Public Accountant, and was appointed as an independent non-executive Director in April 2023. Prof. LU Guihua has extensive academic experience in accounting and financial management, and currently serves as a professor and a doctoral tutor of School of Accountancy of Central University of Finance and Economics. He previously served as a lecturer and an associate professor of the accounting department of Tianjin Institute of Business (天津商學院), and an associate professor and a master tutor of School of Accountancy of Central University of Finance and Economics. Prof. LU Guihua also currently serves as an independent director of FESCO Group Co., Ltd (北京國際人力資本集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600861.SH), an independent director of Zhejiang Juhua Co., Ltd (浙江巨化股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600160.SH), and previously served as an independent director of WPG (Shanghai) Smart Water Public Co., Ltd (上海威派格智慧水務股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603956.SH) from December 2021 to June 2024, and an independent director of Beijing Shunxin Agriculture Co., Ltd (北京順鑫農業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000860.SZ) from December 2019 to November 2023.

**Prof. YU Fang**, aged 51, holds a bachelor's degree in economics from Shanghai Jiao Tong University, a master's degree in economics from Tulane University, and a master of business administration and a doctorate degree in finance from The University of Chicago, and was appointed as an independent non-executive Director in April 2023. Prof. YU Fang has extensive academic experience in the field of finance. He currently serves as a professor of finance at China Europe International Business School, and previously served as a Senior Lecturer (高級講師) at the business school of University of Minnesota, and an analyst at Barclays Global Investors. Prof. YU Fang has received the "Best Paper Award in Financial Markets and Institutions from Financial Management Association (FMA) in its 2020 annual meeting", the "Best Paper Award in 2013 China International Conference in Finance (中國國際金融2013年會最佳論文獎)", the "Best Paper Award in Corporate Finance by the Chinese Finance Association in its 2013 annual meeting (全美華人金融協會2013年會公司金融類最佳論文獎)", the "2010 CEIBS Teaching Excellence Award (2010中歐優秀教學獎)", the "CEIBS Research Excellence Award (中歐優秀研究獎)" (2014, 2018), and the "Beijing News Young Chinese Economist Award (新京報中國青年經濟學人獎)". Prof. YU Fang currently also serves as an independent director of Huaqin Technology Co., Ltd. (華勤技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603296.SH) and an independent director of Shanghai Zhenhua Heavy Industries Co., Ltd. (上海振華重工(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600320.SH).

**Ms. XI Xuanhua**, aged 54, holds a bachelor's degree in economics from Fudan University (復旦大學) and an Executive Master of Business Administration (EMBA) from Shanghai Jiao Tong University, and was appointed as an independent non-executive Director in November 2025. Ms. XI Xuanhua has extensive experience in business management. She has been serving as the chief risk officer at DigiFT Tech (Hong Kong) Limited since December 2024, and previously worked at BOCOM International Holdings Company Limited (a company listed on the Hong Kong Stock Exchange, stock code: 3329.HK) for years, where she consecutively served as the head of equity sales department, the head of institution and equity business, and the general manager of BOCOM International Securities Limited.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Mr. CHEN Wei** is our executive Director and president. See “—Directors — Executive Directors” in this section for his biographical details.

**Ms. LI Junyu** is our executive Director and finance director. See “—Directors — Executive Directors” in this section for her biographical details.

**Mr. HUA Muwen**, aged 51, obtained a bachelor’s degree in automotive industry design from Jilin University (吉林大學) (formerly known as Jilin Polytechnical University) (吉林工業大學), a master of business administration from Tongji University, and an Executive Master of Business Administration (EMBA) from China Europe International Business School and, is a senior engineer and vice president of our Company. Mr. HUA Muwen has served as vice president of our Company since June 2024. He has been the chairperson of the board and general manager of Ningbo Preh Joyson Automotive Electronics Co., Ltd. (寧波普瑞均勝汽車電子有限公司) and the director and general manager of Ningbo Junsheng New Energy Research Institute Co., Ltd (寧波均勝新能源研究院有限公司) since September 2024. Mr. HUA Muwen has various experience in the automotive industry covering various management areas, including serving as a general manager of Hasco Magna Electric Drive System Co., Ltd (華域麥格納電驅動系統有限公司), executive director of operations of HASCO Automotive Systems Co., Ltd. (華域汽車系統股份有限公司), deputy general manager of SAIC Motor International Co., Ltd. (上汽進出口有限公司), and executive director of the procurement department of Shanghai Volkswagen Automotive Co., Ltd. (上海大眾汽車有限公司).

**Mr. YU Chaohui**, aged 36, holds a master of business administration (MBA) from Guanghua School of Management of Peking University, is our Board secretary and joint company secretary. Mr. YU Chaohui joined our Company in May 2012, has been our Board secretary since March 2022, and has been the joint company secretary of our Company since November 2025. Mr. YU Chaohui has worked in the professional field of board secretary for years, possesses the professional knowledge in finance, management, and law necessary to perform the duties of a board secretary, has good professional ethics and personal qualities, and obtained the qualification certificate of board secretary from the Shanghai Stock Exchange. Mr. YU Chaohui currently also serves as a director of Senssun, and previously served as the board secretary of Ningbo JOYNEXT Technology Corp. (寧波均聯智行科技股份有限公司).

# DIRECTORS' REPORT

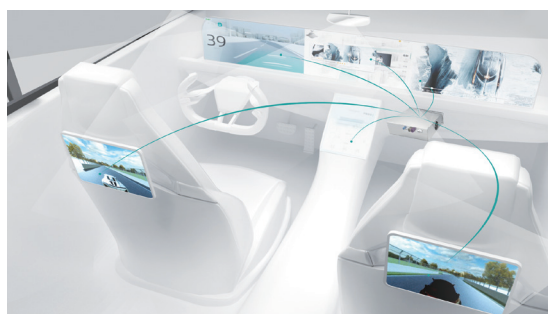
The Board is pleased to present the annual report of the Group for the year ended December 31, 2025, together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

## PRINCIPAL ACTIVITIES

### 1. Intelligent automotive solutions

#### 1.1 Intelligent cockpit solutions

In the field of intelligent cockpit, the Company provides a diverse range of products, including solutions for in-vehicle infotainment systems, Android-based in-vehicle platforms for the global market, intelligent cockpit domain controllers, and cross-domain integrated computing platforms (integrated cockpit and connectivity and integrated cockpit and autonomous driving). These solutions are compatible with mainstream global and domestic chips and feature a SOA (Service-Oriented Architecture) application architecture design. For interactions between end users and vehicles, the Company provides integrated end-cloud collaboration and multimodal interactions, delivering intelligent cockpit that is empathetic, safe and personalized – tailored to each individual.



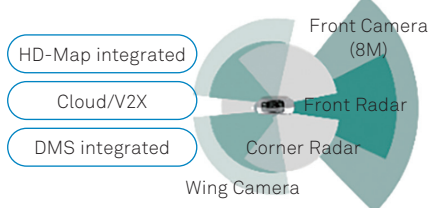
#### 1.2 Intelligent driving solutions

In the field of intelligent driving, the Company offers a range of products including autonomous driving domain controllers, central computing units and front-view smart cameras, establishing a full-stack solution that covers L2 to L4 autonomous driving, central computing architectures, and cost-effective front-view perception. Through deep integration of hardware and software and modular design, the Company meets diverse computing deployments and global market standards, helping automakers to build a new generation of safe, efficient and multi-domain intelligent automotive electronic architectures.

#### nDrive-E



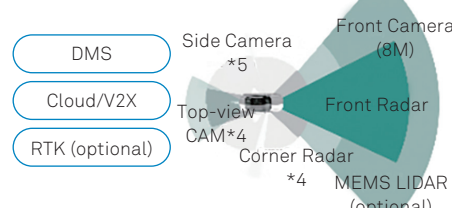
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#### nDrive-M



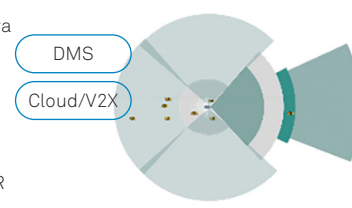
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CPU: 230 DMIPS



#### nDrive-H



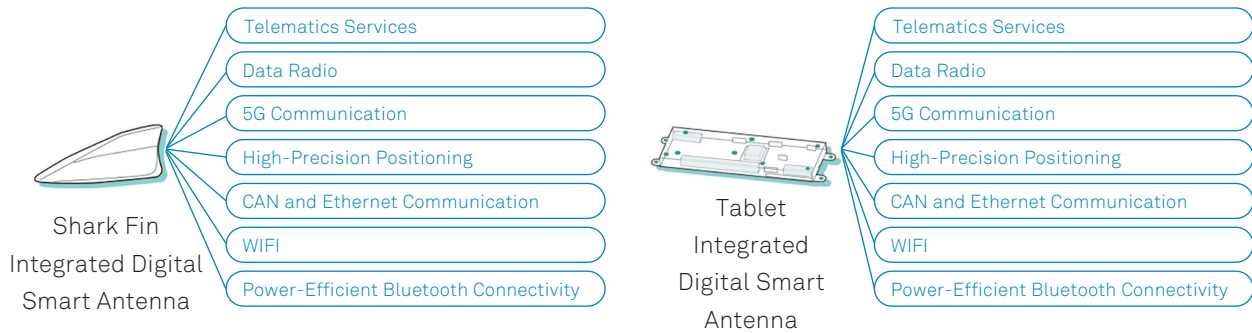
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# DIRECTORS' REPORT

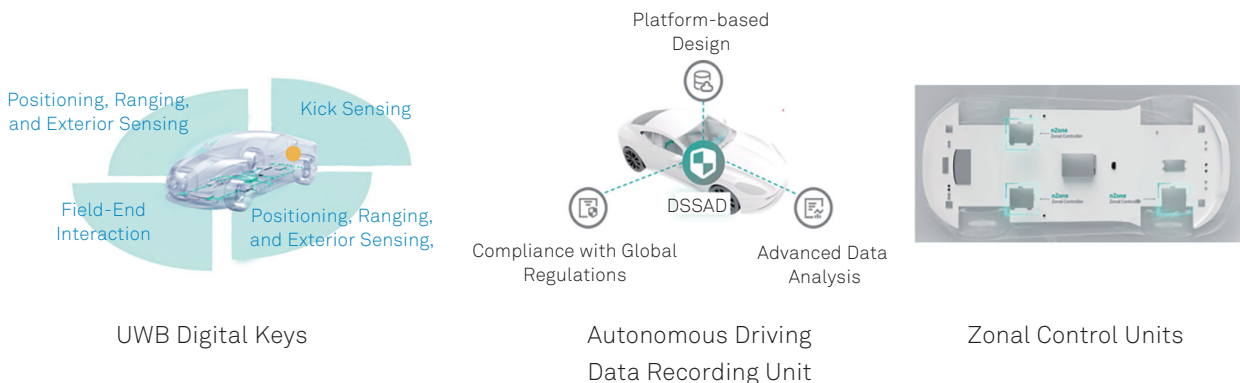
## 1.3 Intelligent connectivity solutions

In the field of intelligent connectivity solutions, the Company provides 5G+V2X vehicle-to-everything collaboration solutions that integrate modern communication and networking technologies to enable information exchange between vehicles and all road users. The product has been sufficiently validated in the market and are continuously iterated to fully meet the standards and requirements of major markets, including China, Europe and North America, etc. They support all Day 1 and Day 2 scenarios as defined by China Society of Automotive Engineers (CSAE) and European Telecommunications Standards Institute (ETSI), as well as OTA remote upgrades. At the same time, the Company has developed a full-stack vehicle-road-cloud solution. Leveraging its self-developed V2X protocol stack and scenario-based algorithm library, this solution covers the entire technical pathway from auxiliary perception and collaborative decision-making to collaborative control, providing secure, efficient, and full autonomy over integrated support for the large-scale deployment of intelligent connected vehicles and smart transportation systems.



## 1.4 Vehicle body security solution

In the field of vehicle body control, the Company offers zonal control units products designed for zonal electronic and electrical architectures, effectively reducing the number of electronic control units (ECU) in vehicles to minimize wiring harness and weight and optimize costs. It also provides a series of high-performance, highly economical and multi-functional reusable UWB digital key products that deliver security and exceptional driving experience to customers while meeting the requirements of international regulations and standards. In addition, the Company offers data recording systems applicable to various levels of assisted driving, ensuring both data security and behavioral safety.



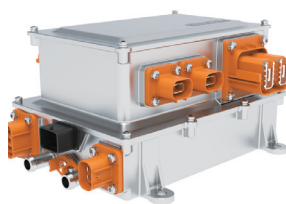
## DIRECTORS' REPORT

### 2. E-mobility

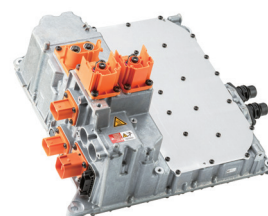
In E-mobility, the Company specializes in battery management systems (BMS) and a range of independent and all-in-one power electronic products including charging booster modules (Booster), on-board chargers (OBC), and DC/DC converters. Our R&D and manufacturing expertise spans all voltage platforms including 12V, 48V, 400V and 800V. The power management system monitors the battery's status on a real-time basis and performs thermal management, balancing, and charge-discharge control of batteries to ensure optimal performance of the batteries. The on-board charger converts household or industrial alternating current into direct current to charge new energy vehicles. The charging booster module increases the voltage input from a 400V charging station to 800V through the change of voltage, enabling vehicles with 800V electrical architectures to fast charge using 400V chargers, thereby improving charging efficiency. The DC/DC converter transforms high-voltage direct current from the battery into low-voltage direct current to supply power to the low-voltage battery and electrical loads. The Company is one of the first suppliers globally to achieve mass production of power electronics products for 800V high-voltage platforms. As early as 2019, it developed the world's first charging booster module and DC/DC converter for high-voltage platforms.



Battery management system



Charging booster module



All-in-one power electronics

### 3. Human-machine interaction (HMI) products

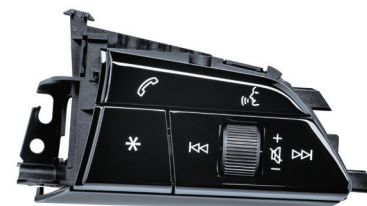
In the field of HMI products, the Company primarily provides central and drive mode controllers, central touchscreens, multifunction steering wheel switches, and air conditioning controller. HMI products serve as the interface between end users and intelligent vehicles, featuring the integration of several core proprietary technologies, primarily including interactive interface integration, touch functionality, displays and controllers, force feedback, and handwriting recognition.



Central touchscreen



Central and drive mode control



Multifunctional steering wheel switch

## DIRECTORS' REPORT

### 4. Automotive safety solutions

In the automotive safety segment, the Company mainly provides seat belts, airbags, intelligent steering wheels, integrated safety solutions and related products. Airbags protect driver and passenger safety in the event of a severe collision. The product range includes driver airbags, passenger airbags, knee airbags, side airbags, and side curtains. In addition to their traditional restraint function, seat belt products feature enhancements such as electric pretensioning, active reminder systems, adaptive load limiters, tension detection, and other comfort functions to meet diverse customer needs. Steering wheels are increasingly integrated with advanced features such as heating, hands-off detection, illuminated elements, and vital sign sensing to meet customer needs. The Company's integrated safety solutions encompass driver monitoring systems (DMS), occupant monitoring systems (OMS), and Pyrotechnic Battery Disconnect units (PBD).



Safety airbags



Seat belt



Intelligent steering wheel



Integrated safety solutions

## CORE COMPETITIVE STRENGTHS

### 1. Extensive and stable customer resources for multi-dimensional cooperation

The Company's collaboration with global mainstream OEMs starts from the pre – and joint research of new technologies, extends to efficient global mass production and iteration, and ends with efficient localized service response. This cooperation system is close and solid, fully satisfying the needs of OEM customers for suppliers with leading technology, excellent quality, and stable mass production capabilities, and supporting their rapid iteration in the fast-changing trend of intelligent electrification in the automotive industry. The Company's customers comprise of leading international and domestic vehicle manufacturers, including over 100 established brands as well as emerging car makers. The Company has collaborated with its key accounts for decades.

## DIRECTORS' REPORT

### 2. Diversified product portfolio with strong synergy potential

In the automotive safety sector, the Company is the world's second-largest supplier of passive safety products and one of the few globally capable of designing, developing, testing, validating, and mass-producing automotive safety systems. With decades of deep technical expertise in core areas such as airbag fabrics, propellants, inflators, retractors, buckles, pretensioners, foam technologies, and other advanced materials, the Company meets the industry's most stringent quality standards for automotive safety and benefits from significant competitive edges. In the automotive electronics sector, the Company offers product solutions spanning the cockpit, autonomous driving, connectivity, powertrain, and body domains. Its business lines are highly diversified and complementary, enabling the delivery of integrated solutions and fostering strong synergies across global R&D, supply chain, manufacturing, and sales. This integrated approach supports resource sharing and unlocks significant potential for coordinated development. In addition, leveraging the R&D strengths and advanced manufacturing capabilities cultivated through its principal automotive components business, the Company has expanded its business strategy into the robotics industrial chain, developing and providing customers with product solutions such as robotic head assemblies, torso and chassis assemblies, and limb assemblies.

### 3. Global R&D, supply, and manufacturing system delivering optimal worldwide solutions

The Company has established a highly globalized platform network, with R&D centers and supporting manufacturing facilities across China, other parts of Asia, Europe, and the Americas. Leveraging its extensive global operating experience, the Company efficiently optimizes resource allocation across regions around the globe, delivering top-tier R&D, supply chain, and manufacturing solutions to various types of customers worldwide, while ensuring swift and effective localized responses. In addition, China's automotive industry has established multiple competitive advantages over overseas automotive markets, particularly in the field of intelligent electrification. These include outstanding R&D capabilities, a highly efficient and complete supply chain and production operations, and superior and high-quality customer service and responsiveness. Leveraging its global footprint, China's strength in intelligent technologies, and its deep understanding of overseas markets and regulations, the Company is well positioned to provide localized R&D and manufacturing support to Chinese OEMs, empowering their global expansion efforts.

#### 4. Deep vertical integration of hardware and software to provide customers with one-stop solutions

Thanks to its comprehensive hardware design, software development, and data processing capabilities, the Company is able to independently conceptualize, design, and produce core hardware, software, and system integration for related products fundamentally, covering areas such as intelligent cockpit, connectivity systems, intelligent driving and E-mobility. The Company leverages hardware and software decoupling, product modularity, and platform-based development to enable the reuse of its underlying technology platform across various vehicle models. This approach helps to reduce R&D costs and shorten development cycles, enabling agile response to customer iteration progress. The platform offers high compatibility, cost efficiency, and iteration flexibility. Furthermore, the Company's in-depth independent research and vertical integration of hardware and software allows for flexibility and agility in responding to customer needs, and enables the better delivery of customized, platform-based solutions for various types of downstream customers.

#### 5. Global R&D footprint with cutting-edge technology standard

The Company places great emphasis on independent R&D and technological innovation, with major R&D centers located in Asia, Europe, and the Americas. Its R&D teams cover the world's major automotive production areas. The Company has a total of about 6,000 engineering and R&D staff, forming a global innovation network with rapid response capability. The Company also boasts a well-established and highly standardized R&D system, validated for volume production by respected global OEMs. Its development process strictly adheres to ASIL and A-SPICE requirements, with the pinnacle level capable of achieving ASIL-D certification. Furthermore, the relevant laboratories within the core R&D centers have attained China National Accreditation Service for Conformity Assessment (CNAS) and electromagnetic compatibility (EMC) verification. The Company's hardware and software development capabilities have been accumulated and validated through extensive experience from years of international mass production projects, coupled with local expertise accumulated in China. This has enabled the Company to pursue localized innovation and enhancements for the products in China, while continuously optimizing development and validation capabilities. Meanwhile, the Company also actively expands these capabilities into emerging business areas such as embodied intelligent robotics components. The Company owns extensive patents globally and engages in formulating industry standards. With this, the Company possesses a pipeline of core technologies in the domains of automotive safety and electronics. In addition, the Company is actively engaging in emerging technologies, including electrification and intelligence, through the establishment of the New Energy Research Institute, Intelligent Driving Technology Research Institute, and the Zhejiang Provincial Key Laboratory of Automotive Electronics Intelligence.

## DIRECTORS' REPORT

### 6. Digital and intelligent manufacturing capabilities

The Company continuously enhances the digitalization and intelligence of its manufacturing operations by integrating digital information technologies such as big data, 5G, the Internet of Things (IoT), and Manufacturing Execution Systems (MES). This enables full-process integration of physical production with digital information. Through modular assembly and large-scale mixed-model production, the Company achieves high-volume manufacturing while maintaining both flexible and lean production capabilities. Some of the Company's factories have been awarded prestigious titles such as the "Factory for Tomorrow" in Zhejiang, the "Pilot Demonstration of Intelligent Manufacturing" by the Ministry of Industry and Information Technology, and the "China Leading Intelligent Factory".

At the foundational level, the Company integrates data from high-speed automated production lines to enable real-time monitoring and data analysis, allowing it to track production metrics and enhance operational efficiency. At the same time, it has established modular and flexible equipment design and manufacturing standards to improve equipment utilization and shorten system implementation cycles. At the value-added level, the Company has implemented one-stop single-piece flow production across the entire process, ensuring both efficiency and product quality. It has also developed innovative high-speed automated assembly lines that integrate assembly, inspection, and testing functions. In addition, the Company focuses on intelligent manufacturing processes, including smart supply chains, smart logistics, and green production. It employs centralized material supply systems to support energy conservation and emissions reduction. Through these initiatives, the Company continuously enhances the digitalization and intelligence of its manufacturing capabilities, enabling it to adapt to market changes and strengthen its competitiveness. The Company has set up a quality control system that is at the forefront of the industry, and both its automotive safety and automotive electronics businesses have obtained ISO9001 and ISO/TS16949 quality management system certifications.

### 7. A global management team with extensive industry expertise

The Company's management team has extensive industry experience and a profound understanding of industry trends, technological R&D, customer development, and manufacturing. On average, they have over 20 years of experience in the automotive safety and automotive electronics domains. The heads of the Company's core subsidiaries have gained extensive exposure through years of working with the world's top automotive companies, giving them with a global perspective. Their previous work experience includes some of the leading domestic and international OEMs, automotive component suppliers, and technology companies.

# DIRECTORS' REPORT

## RESULTS

The results of the Group for the year ended December 31, 2025 and the financial information of the Group as at December 31, 2025 are set out in the audited consolidated financial statements in this annual report.

## BUSINESS REVIEW

A review of the business of the Group during the Reporting Period and the Group's future business development are provided in the "Chairman's Statement" on pages 5 to 6 and the "Management Discussion and Analysis" on pages 7 to 23 of this annual report. A description of the principal risks and uncertainties that the Group may be facing and the Group's responsive policies are provided in the "Management Discussion and Analysis" on pages 23 to 25 of this annual report.

An analysis of the Group's significant events after the Reporting Period and its performance using financial key performance indicators is provided in the "Management Discussion and Analysis" on pages 26 to 32 of this annual report.

Details relating to the Group's investor relations are set out in the "Corporate Governance Report" on page 84 of this annual report. Further details regarding the Group's environmental policies and performance and relationships with its employees, customers and suppliers are set out in the 2025 Sustainability Report disclosed separately by the Company.

## DIVIDEND POLICY AND DIVIDENDS

### 1. Profit Distribution Policy

The Company implements an active profit distribution policy, attaches importance to reasonable investment returns to Shareholders, and maintains the continuity and stability of the profit distribution policy.

The Company distributes dividends in cash, Shares or a combination of both, but gives priority to cash dividend in profit distribution.

The Company mainly adopts a profit distribution policy of cash dividend, i.e. under the premise that the Company is profitable and the cash can meet the continuous operation and long-term development of the Company, the Company shall distribute cash dividends in respect of any distributable profit after making up for losses according to law and extracting the statutory reserve fund.

## DIRECTORS' REPORT

In general, the profit distributed by the Company in cash every year shall not be less than 30% of the distributable profit realized in that year. The profit distributed by the controlling subsidiaries of the Company in cash every year shall be executed in accordance with the aforementioned provisions. The Board shall comprehensively consider the characteristics of the industry, development stage, its own business model, profitability level, debt repayment capacity, whether there are significant capital expenditure arrangements and investor returns, distinguish the following situations, and propose differentiated cash dividend policies in accordance with the procedures stipulated in the Articles of Association: (i) where the Company is in a mature development stage and has no significant capital expenditure arrangements, the cash dividend shall account for at least 80% of the profit distribution; (ii) where the Company is in a mature development stage and has significant capital expenditure arrangements, the cash dividend shall account for at least 40% of the profit distribution; (iii) where the Company is in a growth development stage and has significant capital expenditure arrangements, the cash dividend shall account for at least 20% of the profit distribution. The development stage of the Company shall be determined by the Board based on specific circumstances. Where the Company is in a development stage which cannot be easily distinguished and has significant capital expenditure arrangements, the profit distribution shall be processed in accordance with the aforementioned provisions.

When the accumulated undistributed profit of the Company exceeds 120% of the total share capital of the Company, the Company may distribute profits by way of share dividends. When determining the specific amount of share dividends, the Company shall fully consider whether the total share capital of the Company after the distribution of share dividends is commensurate with the current operating scale and profit growth rate of the Company, and consider the impact on future debt financing costs, so as to ensure that the distribution plan is in the overall interests of all Shareholders.

The Company generally distributes annual dividends, and the Board may also propose interim cash dividends based on the capital requirements of the Company. When the Company considers the annual profit distribution plan at the annual Shareholders' meeting, it may consider and approve the conditions, upper limit of proportion, and upper limit of amount of the interim cash dividend for the following year. The upper limit of the interim dividend for the following year considered at the annual Shareholders' meeting shall not exceed the net profit attributable to Shareholders for the corresponding period. The Board shall formulate specific interim dividend plans under the condition of conforming to profit distribution in accordance with the resolution of the Shareholders' meeting.

The Board shall disclose the profit distribution plan and the plan arrangement or principle for the use of the retained undistributed profit in the periodic report, and the retained undistributed profit after the completion of the profit distribution of the Company in that year shall be applied to develop the principal business of the Company.

## DIRECTORS' REPORT

### 2. 2025 Cash Dividend Proposal

The Company's dividend distribution proposal for 2025 is as follows: The Company proposes the payment of a cash dividend of RMB1.8 per 10 Shares (inclusive of tax) to all Shareholders. Taking March 30, 2026 as an example, the total number of Shares was 1,550,770,563 Shares. After deducting 12,664,015 Shares held in the special securities account for repurchase, the base share capital for calculating the proposed cash dividend is 1,538,106,548 Shares, and the total expected cash dividend to be distributed is RMB276,859,178.64 (inclusive of tax). This dividend distribution proposal is subject to the consideration and approval of the Company's 2025 annual Shareholders' meeting before it can be implemented. Please refer to the Company's continuously updated cash dividend announcements for the actual amounts to be distributed and the payment date.

During the Reporting Period, there was no arrangement under which any Shareholder had waived or agreed to waive any dividends.

## TAXATION IMPACT

### H Share Shareholders

#### (1) Individual Investors

According to the "Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045" (Guo Shui Han [2011] No. 348), the dividend and bonus income obtained by foreign resident individual shareholders from the shares issued in Hong Kong, China by domestic non-foreign invested enterprises shall be subject to the withholding and payment of individual income tax by the withholding agent in accordance with the law under the item of "interest, dividend and bonus income".

For domestic non-foreign invested enterprises issuing shares in Hong Kong, China, their foreign resident individual shareholders may enjoy relevant tax incentives in accordance with the provisions of the tax treaties signed between their country of residence and China and the tax arrangements between the Mainland and Hong Kong, China (Macau, China).

According to the relevant tax treaties and tax arrangements, the relevant dividend tax rate is generally 10%. To simplify the collection and administration of taxes, when a domestic non-foreign invested enterprise issuing shares in Hong Kong, China distributes dividends and bonuses, it can generally withhold individual income tax at a rate of 10% without going through the application process. For circumstances where the dividend tax rate is not 10%, it shall be handled in accordance with the following provisions: (1) if an H Share individual Shareholder is a resident of a country that has signed a tax treaty with China stipulating a dividend tax rate of less than 10%, such H Share individual Shareholder shall proactively submit a statement to the Company requesting to enjoy the treaty benefits, and retain relevant information for future reference. If the information filled in is complete, the Company shall withhold the tax in accordance with the provisions of China's tax laws and the treaty; (2) for residents of a treaty country with a tax rate higher than 10% and lower than 20%, the withholding agent shall withhold the individual income tax at the actual treaty rate when distributing the dividend and bonus, without going through the application and approval process; and (3) for residents of a country without a tax treaty and other circumstances, the withholding agent shall withhold the individual income tax at a rate of 20% when distributing the dividend and bonus.

## DIRECTORS' REPORT

According to the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” (Guo Shui Han [2006] No. 884), the Chinese government may levy tax on the dividends payable by a Chinese company to a China Hong Kong resident, but the tax amount shall not exceed 10% of the total dividends payable. If the China Hong Kong resident holds at least 25% of the shares of the Chinese company, the relevant tax amount shall not exceed 5% of the total dividends payable by the Chinese company.

According to the provisions of the “Notice of the Ministry of Finance, the State Administration of Taxation and the CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect” (Cai Shui [2014] No. 81) and the “Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect” (Cai Shui [2016] No. 127), for dividend and bonus income obtained by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H share companies shall withhold individual income tax at a rate of 20%. For dividend and bonus income obtained by Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be levied in accordance with the above provisions. For dividend and bonus income obtained by Mainland corporate investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H share companies will not withhold the dividend and bonus income tax, and the enterprise shall declare and pay the tax itself.

### (2) *Enterprises*

According to the provisions of the “Notice of the State Administration of Taxation on Issues Concerning Withholding Enterprise Income Tax for Dividends Distributed by Chinese Resident Enterprises to Overseas Non-resident Enterprise Shareholders of H Shares” (Guo Shui Han [2008] No. 897), when Chinese resident enterprises distribute dividends for 2008 and subsequent years to overseas non-resident enterprise shareholders of H shares, enterprise income tax shall be uniformly withheld and paid at a rate of 10%.

## DIRECTORS' REPORT

For the non-resident enterprise Shareholders of the Company, according to the provisions of the currently effective “Enterprise Income Tax Law of the People’s Republic of China” and the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (hereinafter collectively referred to as the “**Enterprise Income Tax Law**”) and other relevant laws and regulations, starting from January 1, 2008, when any Chinese domestic enterprise distributes dividends for accounting periods starting from January 1, 2008 to non-resident enterprise shareholders (i.e., corporate shareholders), it is required to withhold enterprise income tax, and the payer shall be the withholding agent. Therefore, when distributing the 2025 final dividend to non-resident enterprise Shareholders of H Shares registered on the record date, the Company has an obligation to withhold 10% enterprise income tax. For all H Share Shareholders registered under non-individual names on the register of members of H Shares as of the record date (including HKSCC Nominees Limited, other enterprise nominees or trustees, or other organizations and groups which are deemed as non-resident enterprise shareholders), the Company will distribute the 2025 final dividend after deducting 10% income tax. After receiving the dividends, non-resident enterprise Shareholders may apply for tax refunds (if any) in accordance with the relevant provisions such as tax treaties (arrangements).

Shareholders shall pay relevant taxes and/or enjoy tax reductions or exemptions in accordance with the above provisions.

## PUBLIC FLOAT

As at the date of this annual report, based on the information obtained by the Company and to the knowledge of the Directors, the public float of the Company complies with the relevant requirements of the Hong Kong Listing Rules.

## DIRECTORS

The following table sets out certain information of the Directors during the Reporting Period and up to the date of this annual report:

Mr. WANG Jianfeng, *Executive Director and Chairman of the Board*

Mr. CHEN Wei, *Executive Director and President*

Ms. LI Junyu, *Executive Director*

Mr. CAI Zhengxin, *Executive Director*

Mr. ZHU Xuesong, *Non-executive Director*

Mr. ZHOU Xingyou, *Non-executive Director*

Prof. WEI Xuezhe, *Independent Non-executive Director*

Prof. LU Guihua, *Independent Non-executive Director*

Prof. YU Fang, *Independent Non-executive Director*

Ms. XI Xuanhua, *Independent Non-executive Director*

## DIRECTORS' REPORT

### DISCLOSURE OF INTERESTS

#### Interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As at December 31, 2025, the interests and/or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code, to be otherwise notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position	Nature of interest	Number and description of Shares	Long position/ Short position	Approximate percentage of shareholding in the same class of Shares (%)	Approximate percentage of shareholding in the issued Shares (%)
Mr. WANG Jianfeng <sup>(2)</sup>	Executive Director and	Beneficial owner	35,436,959 A Shares	Long position	2.54	2.29
	Chairman of the Board	Interest in controlled corporation	533,333,116 A Shares	Long position	38.21	34.39
Ms. LI Junyu <sup>(3)</sup>	Executive Director, Vice President and Chief Financial Officer	Beneficial owner	520,000 A Shares	Long position	0.04	0.03
			60,000 H Shares	Long position	0.04	0.004
Mr. CHEN Wei <sup>(3)</sup>	Executive Director and President	Beneficial owner	360,000 A Shares	Long position	0.03	0.02
Mr. CAI Zhengxin <sup>(3)</sup>	Executive Director	Beneficial owner	250,000 A Shares	Long position	0.02	0.02
Mr. ZHU Xuesong	Non-executive Director	Beneficial owner	60,000 A Shares	Long position	0.004	0.004
Mr. ZHOU Xingyou	Non-executive Director	Beneficial owner	10,000 A Shares	Long position	0.001	0.001

#### Notes:

- (1) As at December 31, 2025, the total number of issued Shares was 1,550,770,563 shares, including 1,395,670,563 A Shares and 155,100,000 H Shares.
- (2) Joyson Group is owned as to 57.50% by Mr. WANG Jianfeng. Therefore, under the Securities and Futures Ordinance, Mr. WANG Jianfeng is deemed to be interested in all the Shares held by Joyson Group. As at December 31, 2025, a total of 12,664,015 A Shares had been repurchased and held in the share repurchase account of the Company. Mr. WANG Jianfeng directly or indirectly through Joyson Group controls more than one-third of the voting rights at the Shareholders' meeting of the Company, and is therefore deemed to be interested in such repurchased A Shares held by the Company.
- (3) Ms. LI Junyu, Mr. CHEN Wei and Mr. CAI Zhengxin are interested in 440,000, 240,000 and 240,000 underlying A Shares of the Employee Stock Ownership Plan (as defined below), respectively.

## DIRECTORS' REPORT

Save as disclosed above, as at December 31, 2025, none of the Directors or the chief executive of the Company had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they were taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required, pursuant to section 352 of the Securities and Futures Ordinance, to be recorded in the register required to be kept by the Company, or which were required to be otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### RIGHTS OF DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year or at the end of the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### SHARE CAPITAL AND SHAREHOLDERS

#### Share Capital

For details of the changes in the total number of issued Shares as of the end of the Reporting Period, please refer to Note 33 to the consolidated financial statements.

## DIRECTORS' REPORT

### Shareholdings of the Top Ten Shareholders

As at December 31, 2025, the total number of Shareholders was 185,657. Among them, the number of H Share Shareholders was 7, and the number of A Share shareholders was 185,650. Based on the proportion to the share capital of the Company, the top ten Shareholders holding the Shares are as follows:

Name of Shareholder	Class of Shares	Number of Shares	Approximate percentage of shareholding in the issued Shares (%)
Joyson Group Co., Ltd.	A Shares	520,669,101	33.57
HKSCC Nominees Limited <sup>(2)</sup>	H Shares	155,098,349	10.00
Hong Kong Securities Clearing Company Limited <sup>(3)</sup>	A Shares	71,743,867	4.63
WANG Jianfeng	A Shares	35,436,959	2.29
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-end Index Securities Investment Fund	A Shares	14,430,740	0.93
Industrial and Commercial Bank of China Limited – E Fund CSI Artificial Intelligence Theme Exchange Traded Open-end Index Securities Investment Fund	A Shares	7,981,638	0.51
China Merchants Bank Co., Ltd. – Penghua Carbon Neutrality Theme Mixed Securities Investment Fund	A Shares	7,810,087	0.50
XIE Keniao	A Shares	7,660,062	0.49
Bank of China Limited – Huitianfu CSI Battery Theme Exchange Traded Open-end Index Securities Investment Fund	A Shares	6,192,740	0.40
National Social Security Fund Portfolio 104	A Shares	6,043,826	0.39

#### Notes:

- As at December 31, 2025, the total number of issued Shares was 1,550,770,563 Shares, including 1,395,670,563 A Shares and 155,100,000 H Shares.
- HKSCC Nominees Limited holds 155,098,349 H Shares of the Company as a nominee, representing approximately 10.00% of the issued Shares in aggregate. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, providing securities registration and custodian services for customers.
- Hong Kong Securities Clearing Company Limited holds 71,743,867 A Shares of the Company as a nominee, representing approximately 4.63% of the issued Shares in aggregate. Hong Kong Securities Clearing Company Limited is a member of the Central Clearing and Settlement System, providing securities registration and custodian services for customers.
- The Company's special repurchase account is not listed in the "Shareholdings of the Top Ten Shareholders". As of the end of the Reporting Period, the Company's special repurchase account held 12,664,015 A Shares.

## DIRECTORS' REPORT

### Interests of Substantial Shareholders in Shares and Underlying Shares

As at December 31, 2025, to the knowledge of the Company after reasonable enquiry, the following persons (other than the Directors or chief executive of the Company disclosed above) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance:

Name	Nature of interest	Number and description of Shares <sup>(1)</sup>	Long position/ Short position	Approximate percentage of shareholding in the same class of Shares (%)	Approximate percentage of shareholding in the issued shares (%)
Joyson Group <sup>(2)</sup>	Beneficial owner	520,669,101 A Shares	Long position	37.31	33.57
Ms. DU Yuanchun <sup>(2)</sup>	Interest in controlled corporation	520,669,101 A Shares	Long position	37.31	33.57
Manulife Financial Corporation	Investment manager	10,593,000 H Shares	Long position	6.83	0.68

*Notes:*

- (1) As at December 31, 2025, the total number of issued Shares was 1,550,770,563 Shares, including 1,395,670,563 A Shares and 155,100,000 H Shares.
- (2) Joyson Group is owned as to 42.50% by Ms. DU Yuanchun. Therefore, under the Securities and Futures Ordinance, Ms. DU Yuanchun is deemed to be interested in all the Shares held by Joyson Group.

Save as disclosed above, as at December 31, 2025, the Company was not aware of any other person who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate sales to the top five customers of the Group accounted for approximately 49% of the Group's total sales for the year, of which the sales to the single largest customer accounted for approximately 24% of the Group's total sales for the year. For the year ended December 31, 2025, to the knowledge of the Directors, none of the Directors, their close associates or any Shareholders (who, to the knowledge of the Directors, own an interest of 5% or more in the number of issued Shares (excluding treasury Shares)) had any interest in the top five customers of the Group during the Reporting Period.

During the Reporting Period, the aggregate purchases from the top five suppliers of the Group accounted for approximately 7% of the Group's total purchases for the year.

## DIRECTORS' REPORT

### UTILIZATION OF THE PROCEEDS

The Company issued H Shares on November 6, 2025 and listed and traded on the Main Board of the Hong Kong Stock Exchange. The Hong Kong Public Offering and the International Offering totally issued 155,100,000 H Shares with a nominal value of RMB1.00 each, at an issue price of HK\$22.00 per Share. The gross proceeds from the Company's issuance of H Shares were HK\$3,412.2 million. After deducting the issuance expenses directly attributable to the issuance, the net proceeds were approximately HK\$3,252.9 million. Calculated according to the exchange rate of Hong Kong dollars to RMB of 0.9115 published by the People's Bank of China on November 6, 2025, the net proceeds were approximately RMB2,965.0 million (the "Net Proceeds").

As at December 31, 2025, the use of Net Proceeds and expected timetable disclosed in the Prospectus remains unchanged. The utilization of the Net Proceeds is as follows:

	Approximate percentage of the Net Proceeds	Available Net Proceeds available for use <i>RMB in million</i>	Net Proceeds utilized during the Reporting Period <i>RMB in million</i>	Unutilized Net Proceeds as at the end of the Reporting Period <i>RMB in million</i>	Expected timeline for full utilization of the unutilized Net Proceeds
Enhance the Group's leadership in the smart auto tech industry and capture the transformative opportunities in the downstream automotive industry by investing in the research and development and commercialization of our auto smart solutions and cutting-edge technologies	35%	1,037.8	0	1,037.8	Before December 31, 2030
Improve the Group's production and manufacturing capabilities and cost efficiency, and optimize the Group's supply chain management	35%	1,037.8	0	1,037.8	Before June 30, 2030
Expand the Group's overseas market share and cooperate with OEM customers to achieve overseas expansion	10%	296.5	0	296.5	Before December 31, 2030
Potential investment and merger and acquisition opportunities with targets complementary to the Group's business in terms of technical expertise, business operations and brand profile	10%	296.5	30.0	266.5	Before December 31, 2030
Working capital and general corporate purposes	10%	296.5	0	296.5	Before December 31, 2030
<b>Total</b>	<b>100%</b>	<b>2,965.0</b>	<b>30.0</b>	<b>2,935.0</b>	

The balance of the Net Proceeds will continue to be utilized in accordance with the purposes and proportions disclosed in the Prospectus.

## DIRECTORS' REPORT

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

According to the share repurchase plan approved by the Shareholders on December 23, 2024, it was agreed that the Company would repurchase some of its Shares through centralized bidding transactions, and the repurchased Shares would be used entirely for cancellation and reduction of the registered capital of the Company. This repurchase would be funded by the special loan provided by the Ningbo Yinzhou Branch of Agricultural Bank of China Co., Ltd. and the Company's own funds.

The Company successfully repurchased a total of 13,030,980 A Shares through the Shanghai Stock Exchange by way of centralized bidding during the period from January 22, 2025 to July 29, 2025, representing 0.925% of the Company's total A share capital before the cancellation of the repurchased Shares. The repurchase price ranged from RMB14.08 per Share to RMB20.79 per Share, and the total amount paid was approximately RMB222.49 million (excluding commissions and extra fees). The share repurchase complied with relevant laws and regulations and the predetermined repurchase scheme of the Company. The cancellation of the repurchased A Shares was completed on July 31, 2025.

The following is the breakdown of share repurchases listed by month during the Reporting Period:

Month	Number of Shares repurchased	Highest repurchase price per share (RMB)	Lowest repurchase price per share (RMB)	Total repurchase amount (RMB)
January 2025	1,444,000 A Shares	17.57	17.00	24,996,190.00
February 2025	2,014,000 A Shares	20.79	18.31	38,497,925.40
March 2025	2,567,000 A Shares	19.11	18.72	48,896,022.20
April 2025	5,236,080 A Shares	15.98	14.08	78,027,896.96
May 2025	81,000 A Shares	17.81	17.75	1,439,991.00
June 2025	92,300 A Shares	16.93	16.85	1,560,357.00
July 2025	1,596,600 A Shares	18.35	18.06	29,076,196.00
<b>Total</b>	<b>13,030,980 A Shares</b>			<b>222,494,578.56</b>

Save as otherwise disclosed in this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury Shares (within the meaning under the Hong Kong Listing Rules)) during the Reporting Period. As of the end of the Reporting Period, the Company held 12,664,015 treasury Shares, which will be used for equity incentives or employee stock ownership plans. Such treasury Shares are all A Shares.

Save as disclosed in the section headed "Utilization of the Proceeds" of this annual report, the Company had no newly issued Shares or debentures for the year ended December 31, 2025.

## DIRECTORS' REPORT

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended December 31, 2025 are set out in Note 11 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES

For information regarding movements in the reserves and distributable reserves of the Company, please refer to the "Consolidated Statement of Changes in Equity" in this annual report.

### EMPLOYEES AND REMUNERATION

As at December 31, 2025, the total number of regular employees of the Group was 44,142, and details of the total staff costs (including but not limited to salaries, bonuses, allowances, subsidies, welfare expenses and Directors' remuneration) of the Group (including Directors and the chief executive) for the Reporting Period are set out in Note 6(b) to the consolidated financial statements. The specific breakdown is as follows:

Professional composition category	Number of professionals
Production personnel	35,259
Sales personnel	446
Technical personnel	5,895
Financial personnel	744
Administrative personnel	1,406
Other personnel	392
<b>Total</b>	<b>44,142</b>

According to the corporate strategic direction and operational needs, the Company formulates a remuneration system linked to job responsibilities, competitive markets, personal capabilities and performance. Employee remuneration mainly includes salaries, bonuses, allowances, social security and other long-term employee benefits. The Company's remuneration philosophy is to allow every employee who contributes to the development of the Company to obtain a return that reflects their efforts, truly achieving common development and a win-win situation between employees and the Company. Through an effective remuneration policy, the Company provides competitive remuneration to attract sufficient external talents for business development, while also ensuring the stability of the internal team. In order to ensure internal fairness of remuneration, the Company builds an employee competency management system and promotes a value distribution system based on positions and responsibilities and measured by employee working ability and performance. Employee remuneration is dynamically adjusted in a timely manner taking into account comprehensive dimensions such as regional differences, talent supply, and industry environment to ensure that talent income is competitive in the market. The Company emphasizes overall remuneration, and employees not only receive adequate returns but also achieve career advancement in the Company's development. In order to further incentivize the Directors, management and key employees of the Group, and build a rich and multi-dimensional incentive mechanism, the Company adopted the A Share Employee Stock Ownership Plan (the "Employee Stock Ownership Plan") in 2021, and provides them with appropriate incentives based on the achievement of certain performance targets to promote the success of the Group's business.

## DIRECTORS' REPORT

### Remuneration Policy of Directors and Senior Management

The Company provides remuneration to executive Directors and senior management members (who are also employees of the Company) in the form of salaries, wages, bonuses, share-based payments and others. The Chairperson receives remuneration based on the duties of an executive Director and is primarily responsible for the overall business plan, strategy and leadership of the Company's business direction. Except for the Chairperson of the Board, other executive Directors do not receive remuneration in their capacity as executive Directors, but receive corresponding remuneration based on their specific roles within the Group and the relevant remuneration and appraisal management systems. Non-executive Directors do not receive remuneration in their capacity as non-executive Directors and do not receive remuneration in the Group; independent non-executive Directors receive independent directors' allowances with reference to their respective positions and responsibilities (including serving as a member or chairperson of the board committees).

The Nomination, Remuneration and Appraisal Committee will propose remuneration recommendations for the Directors and senior management to the Board, taking into consideration factors such as the industry conditions, remuneration paid by comparable companies, the time and responsibilities devoted by the Directors and senior management, and the performance of the Group. The annual remuneration of senior management will be determined by the Board, and the annual remuneration of the Directors will be submitted to the general meeting for consideration and approval after being reviewed by the Board, and will be disclosed in the Company's annual report.

### Talent Training and Development

Joyson Electronics' talent development concept is: mutual achievement and collaborative development. The Company is committed to building a model of mutual growth with its employees. With the development of management pipelines as a core pillar, the Company has established a comprehensive talent development system covering senior management, middle management, middle-management potential successors, and frontline key personnel. For middle management and their potential successors, it has established a closed loop mechanism of "selection-development-promotion-iteration". Through multiple methods such as precise screening, special training, job rotation practice, and senior management coaching, a clear career advancement path is paved for management talents. At the same time, it provides a wide range of promotion opportunities, diversified training resources and personalized development paths for all employees to create an atmosphere of a learning organization and stimulate employees' self-driving force. The Company also fully supports employees to improve their academic qualifications and skills, aiming to drive the development of all employees through the steady growth of the management pipeline, so as to achieve a win-win situation for personal value and the Company's long-term growth.

The Company provides training courses covering all employee levels, including but not limited to new employee orientation training, hierarchical leadership training (strategic leadership for senior management, core competency development for middle management, and management potential development for high-potential employees), and business ethics training, to help employees at different levels and positions improve their working skills. The Company carefully formulates and implements an annual training plan every year. In terms of internal talent training and management pipeline development, the heads of various departments work closely with the human resources department to customize special training programs in combination with the Company's strategic layout, departmental business needs and personal capability shortcomings; at the same time, based on employees' feedback during training and practice, the training content and methods are adjusted in a timely manner to ensure that employees' professional capabilities and management pipeline development keep pace with the times, continuously providing solid talent support for the Company's globalization development and the advancement of dual business lines.

## DIRECTORS' REPORT

### Retirement Pension Scheme

Details of the Group's retirement pension scheme are set out in Note 26 to the financial statements.

### Employee Stock Ownership Plan

Following the approval at the sixteenth meeting of the tenth session of the Board held on October 14, 2021 and the second extraordinary general meeting for 2021 held on November 1, 2021, the Company adopted the Employee Stock Ownership Plan, and 9,000,000 A Shares were transferred to the Employee Stock Ownership Plan account of eligible plan Participants (as defined below) on November 18, 2021. The terms of the Employee Stock Ownership Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules regarding share schemes involving the issue of new shares. The terms of the Employee Stock Ownership Plan are summarized below.

#### (i) Purpose

To implement the Employee Stock Ownership Plan to attract, retain and motivate the management and key employees of the Group, and to provide them with appropriate incentives based on the achievement of certain performance targets to promote the success of the Group's business.

#### (ii) Administration

The Employee Stock Ownership Plan is administered by the Company itself, and the meeting of all participants of the Employee Stock Ownership Plan (the "**Participants**") has all the powers to administer the Employee Stock Ownership Plan. The management committee (whose members are elected by the Participants' meeting) is authorized to conduct the daily management of the Employee Stock Ownership Plan.

#### (iii) Eligibility and Participation

The Participants will include Directors (excluding independent non-executive Directors) who are eligible to receive awards under the Employee Stock Ownership Plan as determined by the Board from time to time, management and key employees of the Group.

#### (iv) Source and Maximum Number of Shares

The underlying Shares of the Employee Stock Ownership Plan shall be A Shares repurchased by the Company from the secondary market and transferred to the Employee Stock Ownership Plan account. Each award granted represents the right to receive a corresponding portion of the underlying A Shares of the Employee Stock Ownership Plan (the "**Award**"). These Awards are subject to a lock-up period and can only be unlocked upon the fulfillment of the prescribed unlocking conditions. The maximum number of Shares that can be granted in respect of the Awards under the Employee Stock Ownership Plan is 9,000,000 Shares, representing approximately 0.66% of the Company's total share capital as of the date of the Employee Stock Ownership Plan (draft) (i.e. October 15, 2021). The total number of underlying A Shares corresponding to the Awards granted to a single employee cumulatively shall not exceed 1% of the total issued share capital of the Company.

## DIRECTORS' REPORT

### (v) Purchase Price and the Basis of Determination

The transfer price for the Awards granted under the Employee Stock Ownership Plan is RMB9.50 per Share, and the transfer price is determined with reference to 51.38% of the closing price of A Shares of RMB18.49 per Share on the trading day immediately preceding the date of the Board meeting to consider the Employee Stock Ownership Plan.

### (vi) Term of the Plan

The term of the Employee Stock Ownership Plan shall not exceed 120 months from the date of Shareholder approval and the announcement of the transfer of the last tranche of the underlying A Shares to the Employee Stock Ownership Plan (i.e. November 18, 2021). The remaining effective period of the Employee Stock Ownership Plan is approximately 5 years and 7 months. If the Employee Stock Ownership Plan is not extended upon expiration, the plan will be automatically terminated.

### (vii) Performance Targets, Lock-up Period and Valid Period of Exercise

#### 1. *Company Performance Assessment Indicators*

The unlocking assessment years at the Company level under the Employee Stock Ownership Plan are the three accounting years from 2022 to 2024. The assessment will be conducted once every accounting year. The annual performance assessment targets are set out in the table below:

<b>Unlocking arrangement</b>	<b>Performance assessment targets</b>
First tranche of unlocking	The Company's return on net assets in 2022 is 5% or the Company's net profit margin in 2022 is 2.5%
Second tranche of unlocking	The Company's return on net assets in 2023 is 7% or the Company's net profit margin in 2023 is 3.5%
Third tranche of unlocking	The Company's return on net assets in 2024 is 9% or the Company's net profit margin in 2024 is 4.5%

#### 2. *Personal Performance Assessment Targets*

<b>Assessment Result</b>	<b>Pass</b>	<b>Fail</b>
Personal unlocking coefficient	100%	0%

Upon the achievement of the performance targets at both the Company level and the individual Participant level, the Awards held by the Participants will be unlocked in three tranches at a ratio of 30%, 30% and 40% after 17 months, 29 months and 41 months, respectively, from the announcement date of the transfer of the last tranche of the Company's underlying shares to the Employee Stock Ownership Plan account. The Shares derived from the underlying Shares obtained by the Employee Stock Ownership Plan due to events such as distribution of Share dividends and capitalization of capital reserves by the Company shall also be subject to the above lock-up arrangements.

## DIRECTORS' REPORT

If the Shares are not unlocked in a given year due to the failure to meet the assessment requirements, the awards which are not yet unlocked can be deferred to the next year for assessment and unlocking, subject to a maximum period of no more than 10 years. The management committee has the right to recover the Shares which are not yet unlocked, and the recovery price is determined based on the original contribution amount of the underlying stock corresponding to the share. The management committee has the right to internally redistribute the recovered shares.

For the Shares corresponding to the actual unlocked portion, after the end of the lock-up period and within the subsisting period of the Employee Stock Ownership Plan, the management committee, under the authorization of the holders' meeting, shall selectively sell the corresponding underlying A Shares during the subsisting period after the unlocking date of the Employee Stock Ownership Plan, and distribute the remaining proceeds, after deducting relevant taxes and fees, to the Participants in accordance with the provisions of the Employee Stock Ownership Plan.

### (viii) Unlocking and Distribution of the First and Second Tranches of the Employee Stock Ownership Plan

The 9,000,000 A Shares held in the Company's special securities account for repurchase have been transferred to the Employee Stock Ownership Plan account by way of non-trade transfer on November 18, 2021, at a grant price of RMB9.50 per Share.

On April 25, 2024, the Company held the sixteenth meeting of the eleventh session of the Board and the ninth meeting of the eleventh session of the Supervisory Committee, and considered and approved the "Resolution on the Expiration of the First and Second Lock-up Periods and the Fulfillment of Unlocking Conditions of the Company's 2021 Employee Stock Ownership Plan". The unlocking conditions for both the first and second lock-up periods of the Employee Stock Ownership Plan have been fulfilled. The total unlocking proportion is 60% of the total number of underlying Shares held by the Employee Stock Ownership Plan, and the total number of unlocked Shares is 5,400,000 Shares.

### (ix) Grant and Unlocking of Awards during the Reporting Period

As of January 1, 2025, the number of Shares granted but not yet vested under the Employee Stock Ownership Plan was 3,480,000 Shares. During the Reporting Period, 2 employees forfeited the Awards granted under the Employee Stock Ownership Plan due to resignation, and a total of 320,000 Shares were returned accordingly. A total of 370,000 Shares were newly granted to 3 employees (who were not Directors or the five highest paid individuals during the Reporting Period), of which 90,000 Shares were vested during the Reporting Period. As of December 31, 2025, the number of Shares granted but not yet vested under the Employee Stock Ownership Plan was 3,440,000 Shares.

## DIRECTORS' REPORT

No.	Name	Position held within the Group	Date of grant	Grant price (RMB) <sup>(2)</sup>	Number of underlying A Shares in respect of Awards granted but not yet						Number of underlying A Shares in respect of Awards granted but not yet
					vested as at January 1, 2025	Recovered during the year	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	
Directors	Ms. LI Junyu	Executive Director, vice president and chief financial officer	November 1, 2021	9.50	200,000	—	—	—	—	—	200,000
			December 25, 2023	9.50	240,000	—	—	—	—	—	240,000
	Mr. CHEN Wei	Executive Director and president	November 1, 2021	9.50	240,000	—	—	—	—	—	240,000
	Mr. CAI Zhengxin	Executive Director	November 1, 2021	9.50	240,000	—	—	—	—	—	240,000
Other grantees			November 1, 2021	9.50	2,560,000	320,000	—	—	—	—	2,240,000
			September 16, 2025	9.50	—	—	370,000	90,000	—	—	280,000
<b>Total</b>					<b>3,480,000</b>	<b>320,000</b>	<b>370,000</b>	<b>90,000</b>	<b>—</b>	<b>—</b>	<b>3,440,000</b>

### Notes:

- According to the section "(vii) Performance Targets, Lock-up Period and Exercise Validity Period" of the Employee Stock Ownership Plan above, the vesting period for the Shares granted but not yet vested as of January 1, 2025 and December 31, 2025 refers to the unlocking conditions of the third tranche. Because the Company's return on net assets or net profit margin for 2024 corresponding to the third tranche failed to meet the unlocking requirements, the unlocking conditions for the third tranche are postponed to the 2025 assessment. According to the disclosed and audited consolidated financial statements for 2025, the Company's return on net assets attributable to the parent company for the year 2025 was approximately 9.42%. Upon the consideration and approval at the 42nd meeting of the eleventh session of the Board, the performance unlocking conditions for the third tranche have been achieved.
- Including the grant price of Shares not yet vested as at January 1, 2025, Shares granted in 2025 and Shares granted but not yet vested as at December 31, 2025.
- The closing price of the Shares granted during 2025 immediately preceding the date of grant was RMB27.71 per Share.
- The fair value of the Shares granted during 2025 at the date of grant was RMB6.6 million, details of the relevant accounting standards are set out in Note 2(u) to the consolidated financial statements.

## DIRECTORS' REPORT

### SERVICE CONTRACTS OF DIRECTORS

The Company has entered into service contracts with the Directors. The service contracts take effect from the date of the Director's appointment and end on the expiry date of the term of the eleventh session of the Board. Upon the expiration of the term, a Director may be re-elected and re-appointed subject to the approval of the Shareholders' meeting. In addition, no Director has entered into any service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the service contracts entered into in the capacity of the Directors and those disclosed in the sub-section headed "Connected Transactions" below in this annual report, during the Reporting Period, neither the Company nor its subsidiaries had entered into any transactions, arrangements or contracts of significance in which a Director or an entity connected with them enjoyed a material interest, either directly or indirectly.

### DIRECTORS' INTERESTS IN BUSINESSES COMPETING WITH THE COMPANY

Each of the Directors (excluding independent non-executive Directors) confirmed that, as of the date of this annual report, he/she had no interest in any business which competes or is likely to compete, directly or indirectly, with the Group's business that requires disclosure pursuant to Rule 8.10 of the Hong Kong Listing Rules.

### MANAGEMENT CONTRACTS

During the Reporting Period, other than the employment contracts for the employees, the Company did not enter into or have any contracts for the management and administration of the whole or any substantial part of the business of the Company.

### MATERIAL CONTRACTS AND RELATIONSHIPS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the sub-section headed "Connected Transactions" below in this annual report, during the year ended December 31, 2025, no material contract was entered into between the Group and the controlling shareholders or any of their subsidiaries (excluding the Group), nor was there any material contract entered into for the provision of services by the controlling shareholders or any of their subsidiaries (excluding the Group) to the Group.

### PERMITTED INDEMNITY PROVISION

The permitted indemnity provisions for the Directors are currently and have been in force during the Reporting Period. The Company has made appropriate insurance arrangements for the Directors and senior management in respect of possible legal actions and liabilities.

### DONATIONS

During the Reporting Period, the Group's donation expenditures amounted to approximately RMB4.8 million.

# DIRECTORS' REPORT

## CONNECTED TRANSACTIONS

### 1. Non-exempt Connected Transactions

During the Reporting Period, the Company had not entered into any non-exempt one-off connected transactions.

### 2. Non-exempt Continuing Connected Transactions

Upon Listing of the Company, the following persons (among others) were connected persons of the Company:

<b>Name of connected person</b>	<b>Connected relationship</b>
Joyson Group and its associates (excluding PIA Automation Connected Persons) (collectively, <b>"Joyson Group Connected Persons"</b> )	Joyson Group is one of the controlling shareholders
PIA Automation and its subsidiaries (collectively, <b>"PIA Automation Connected Persons"</b> )	PIA Automation is a 30%-controlled company held directly by Joyson Group, one of the controlling shareholders, and indirectly held as to over 50% by Mr. WANG Jianfeng

#### 2.1 Procurement of Equipment and Services from PIA Automation Connected Persons

On October 17, 2025, the Company entered into a procurement framework agreement with PIA Automation (the **"PIA Automation Procurement Framework Agreement"**), pursuant to which the Group may from time to time procure from the PIA Automation Connected Persons certain customized intelligent manufacturing equipment (including assembly lines mainly for production and assembly of our HMI and E-mobility products) and related digital software research and development services. The initial term of the PIA Automation Procurement Framework Agreement is from the Listing Date until December 31, 2027, and can be renewed upon mutual agreement, subject to compliance with the provisions of Chapter 14A of the Hong Kong Listing Rules and all other applicable laws and regulations. On March 30, 2026, the Board resolved to adjust the annual cap for the transactions under the PIA Automation Procurement Framework Agreement for the year 2026 from RMB221.9 million to RMB400.4 million. For details, please refer to the announcement of the Company dated March 30, 2026.

For the year ended December 31, 2025, the annual cap for the transaction amount of the Group's procurement of relevant equipment and services from the PIA Automation Connected Persons under the PIA Automation Procurement Framework Agreement was RMB358.4 million, and the actual total transaction amount paid by the Group for the procurement of relevant equipment and services from the PIA Automation Connected Persons under the PIA Automation Procurement Framework Agreement was RMB343.6 million.

## DIRECTORS' REPORT

### 2.2 Procurement of Administrative Services from Joyson Group Connected Persons

On October 17, 2025, the Company entered into a procurement framework agreement with Joyson Group (the “**Joyson Group Procurement Framework Agreement**”), pursuant to which the Group may from time to time procure certain property management, catering and other administrative services from the Joyson Group Connected Persons. The initial term of the Joyson Group Procurement Framework Agreement is from the Listing Date until December 31, 2027, and can be renewed upon mutual agreement, subject to compliance with the provisions of Chapter 14A of the Hong Kong Listing Rules and all other applicable laws and regulations.

For the year ended December 31, 2025, the annual cap for the transaction amount of the Group's procurement of relevant services from the Joyson Group Connected Persons under the Joyson Group Procurement Framework Agreement was RMB44.8 million, and the actual total transaction amount paid by the Group for the procurement of relevant services from the Joyson Group Connected Persons under the Joyson Group Procurement Framework Agreement was RMB43.6 million.

The Company confirms that the specific implementation of the above continuing connected transactions during the Reporting Period has followed the pricing principles of such continuing connected transactions.

### 3. Confirmation from Independent Non-executive Directors and the Company's Auditor

The independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that:

- (i) such transactions were entered into on normal commercial terms or better;
- (ii) such transactions were in the ordinary course of business of the Group; and
- (iii) such transactions were conducted in accordance with the agreements on terms and conditions that are fair and reasonable, in line with the overall development strategy of the Group, and in the interests of the Company and the Shareholders as a whole.

## DIRECTORS' REPORT

The Company's auditor has performed relevant agreed-upon procedures on the above continuing connected transactions and has issued a letter to the Board, reporting as follows:

- (i) nothing has come to their attention that causes them to believe that the above continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods and services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (iii) nothing has come to their attention that causes them to believe that the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) nothing has come to their attention that causes them to believe that the above continuing connected transactions have exceeded the annual caps for the year ended December 31, 2025 as set out in the prospectus.

Details of the related party transactions entered into by the Group in the ordinary course of business during the Reporting Period are set out in Note 36 to the consolidated financial statements. Save as disclosed above, none of the related party transactions set out in Note 36 to the consolidated financial statements constitute connected transactions or continuing connected transactions required to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of the Hong Kong Listing Rules in respect of its connected transactions and continuing connected transactions.

### PRE-EMPTIVE RIGHTS

During the Reporting Period, in accordance with the provisions of PRC laws and the Articles of Association, the Company has no pre-emptive right arrangements.

### MATERIAL LEGAL AFFAIRS

As of the end of the Reporting Period, the Company was not involved in any material legal proceedings or claims. To the knowledge of the Company, there were no pending or threatened material legal proceedings or arbitrations.

## DIRECTORS' REPORT

### COMPLIANCE WITH LAWS AND REGULATIONS

The business operated by the Company is primarily subject to the regulations of the countries or regions where it operates, such as Chinese laws, the European Union and the United States. During the Reporting Period, to the knowledge of the Board, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the Group.

### AUDITOR

The Company appointed KPMG Huazhen LLP and KPMG as the domestic and international auditors of the Company for the year 2025. KPMG has audited the accompanying financial statements, which were prepared in accordance with the International Financial Reporting Standards.

KPMG was the reporting accountant during the listing period of the Company, and the Company has not changed its auditor since the Listing Date. In addition, the Company has not changed its auditor in the past three years.

**Ningbo Joyson Electronic Corp.**

*The Board of Directors*

March 30, 2026

# CORPORATE GOVERNANCE REPORT

**The vision, mission and core values of the Company are the compass for our decision-making and the guiding principles for our actions, and moreover, the strategic foundation for continuously creating long-term value and marching towards sustainable excellence.**

<b>Vision</b>	<b>Mission</b>	<b>Core Values</b>
<b>Light up every trip in the world with our intelligent automotive technology</b>	<b>Make every global journey joyful and safe</b>	<b>Excellence and Innovation</b>

The Group is always committed to adhering to high ethical standards and compliance requirements. By continuously optimizing the governance structure and internal control, the Group aims to safeguard the interests of Shareholders, enhance corporate value and accountability, ensure the long-term steady development of the Company, and effectively respond to the expectations of stakeholders. The Company has adopted the CG Code as its own corporate governance code. During the period from the Listing Date to December 31, 2025, the Company has consistently complied with all applicable code provisions under the CG Code.

## BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, and approves and monitors the Group's strategic decisions, policy and systems, major transactions, financial information, internal control and risk management, as well as other major financial and business matters. The Directors make decisions objectively in the best interests of the Company.

The Board maintains a well-balanced mix of skills, industry experience and diverse perspectives appropriate to the needs of the Company's business operation and management, and reviews the contribution required from each of the Director to perform his/her responsibilities to the Company, and whether the Director devotes sufficient time to commensurating with his/her role and Board responsibilities. The Board includes a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors, which ensures a high level of independence on the Board.

The Board has delegated the authority and responsibility for the day-to-day management and operation of the Group to the senior management of the Group, who are responsible for implementing the strategic plans and business objectives of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Nomination, Remuneration and Appraisal Committee, and the Strategy and ESG Committee (collectively, the "**Board Committees**"). The Board has delegated to these Board Committees the responsibilities as set out in their respective terms of reference.

All Directors must ensure that they act in good faith, comply with applicable laws and regulations, and discharge their duties at all times in the interests of the Company and its Shareholders as a whole.

The Company has arranged appropriate liability insurance for legal proceedings against the Directors and will review the scope of insurance coverage annually.

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION

As of the date of this annual report, the Board comprises four executive Directors, two non-executive Directors and four independent non-executive Directors, details of which are as follows:

### Executive Directors:

Mr. WANG Jianfeng (*Chairman*)

Mr. CHEN Wei (*President*)

Ms. LI Junyu

Mr. CAI Zhengxin

### Non-executive Directors:

Mr. ZHU Xuesong

Mr. ZHOU Xingyou

### Independent Non-executive Directors:

Prof. WEI Xuezhe

Prof. LU Guihua

Prof. YU Fang

Ms. XI Xuanhua

The biographies of the Directors are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

For the period from the Listing Date to December 31, 2025, the Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive directors (with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise). The Company has also complied with Rule 3.10A of the Hong Kong Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the board of directors.

To enhance the effectiveness of the Board and maintain a high standard of corporate governance, we have adopted a board diversity policy which sets out the objectives and approaches to achieve and maintain diversity of the Board. Pursuant to the board diversity policy, we consider a number of factors when selecting candidates for the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural background, educational background, ethnicity and length of service, in order to achieve diversity of the Board. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to the Board.

## CORPORATE GOVERNANCE REPORT

Our Board currently consists of two female Directors and eight male Directors, of which nearly half hold doctoral degrees. In addition to industry experience related to the operations and business of the Group, the Directors have a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting, and corporate governance. They have obtained various professional degrees including economics, accounting, business administration and engineering. Such diversified academic backgrounds enable the Board to address challenges and opportunities from multiple perspectives, promoting the generation of innovative solutions and comprehensive strategies. We have four independent non-executive Directors with different industry backgrounds, representing not less than one-third of the Board members. In addition, our Board has a diverse age and gender representation. The Board's diversity goals regarding gender are to maintain at least one female Director and to have at least one female member on the Nomination Committee. Taking into account our existing business model and specific needs as well as the different backgrounds of our Directors, the composition of the Board complies with the board diversity policy.

The Nomination, Remuneration and Appraisal Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination, Remuneration and Appraisal Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its continued effectiveness, make any revisions that may be required when necessary, and recommend any such revisions to the Board for consideration and approval.

We have adopted a workforce diversity policy to ensure that multi-dimensional factors such as gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, and length of service are comprehensively considered during employee selection and recruitment, thereby ensuring fairness and diversity in talent selection. Taking gender diversity as an example, as at December 31, 2025, the gender ratio of male to female employees (including senior management) was 55:45. The Board is of the view that, as of the end of the Reporting Period, the Group has achieved gender diversity among its employees.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Hong Kong Listing Rules, the Company considers all of them to be independent.

Save as disclosed in the biographies of the Directors set out in the section headed "Biographies of Directors and Senior Management" in this annual report, there are no personal relationships (including financial, business, family or other material/relevant relationships) between any Director and any other Directors or the chief executive.

All Directors (including independent non-executive Directors) bring a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the (i) Audit Committee; (ii) Nomination, Remuneration and Appraisal Committee; and (iii) Strategy and ESG Committee.

Given that the code provisions of the CG Code require Directors to disclose the number and nature of offices held in public companies or organizations and other significant external matters as well as their identities and the time involved in the listed companies, and the Hong Kong Listing Rules require Directors to disclose their directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, other major appointments and professional qualifications, the Directors have agreed to disclose their commitments to the Company in a timely manner.

## CORPORATE GOVERNANCE REPORT

### MECHANISM TO ENSURE INDEPENDENT VIEWS

The Company adopts various measures to ensure that independent views and input are available to the Board, primarily through the following mechanisms: (1) when assessing whether an independent non-executive Director candidate is qualified to serve, the Nomination, Remuneration and Appraisal Committee will focus on whether the relevant candidate is able to devote sufficient time to fulfilling his/her duties as an independent non-executive Director, so as to evaluate whether the relevant candidate is able to bring independent views to the Board; and (2) the Nomination, Remuneration and Appraisal Committee is authorized to assess the independence of all independent non-executive Directors annually with reference to the independence criteria set out in the Hong Kong Listing Rules, to ensure that they can continuously exercise independent judgment.

All members of the Board are entitled to have timely access to the Group's information (including but not limited to management accounts, operating results and statistics, audit results, and other industry and market-related information and forecasts), to contact the senior management of the Company individually and independently, and to seek assistance from the joint company secretaries of the Company and professional advice, at the expense of the Company. In addition, the Audit Committee is also entitled to contact and discuss with the Company's external auditor annually to perform its duties.

### INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors are provided with necessary induction training and materials to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under the relevant regulations, laws, rules and ordinances. The Company also arranges seminars for the Directors as and when required to provide them with updates on the latest developments and changes in the Hong Kong Listing Rules and other relevant legal and regulatory requirements from time to time.

The Company encourages all Directors to participate in continuous professional development to develop and refresh their knowledge and skills. The Joint Company Secretaries of the Company update and provide written training materials regarding the roles, functions and duties of Directors from time to time.

Given that the Shares were listed on the Main Board of the Hong Kong Stock Exchange on November 6, 2025, no training had been conducted by the Directors as of December 31, 2025. The Directors will subsequently complete the initial director training and continuous professional development training.

Each Director confirms that he/she has obtained the legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules in December 2024 and January 2025 (as the case may be), and understands his/her obligation as a director of a listed issuer and the possible consequences of making a false declaration or providing false information to the Hong Kong Stock Exchange.

# CORPORATE GOVERNANCE REPORT

## CHAIRPERSON AND PRESIDENT

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of Chairperson of the Board and president are currently held by Mr. WANG Jianfeng and Mr. CHEN Wei, respectively, clearly delineating these two distinct positions by function. The Chairperson of the Board is responsible for formulating the Group's overall corporate business plans, strategies and leading the business direction of the Group, while the president is responsible for the overall management of the Group and the implementation of business plans.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has entered into service contracts with the Directors. The service contracts commence from the date of appointment of the Directors and end on the expiry date of the term of the eleventh session of the Board. Upon the expiry of the term of office, a Director shall be eligible for re-election and re-appointment upon approval by the Shareholders' meeting. In addition, none of the Directors has entered into any service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation (other than statutory compensation).

Pursuant to the Articles of Association, Directors are elected or replaced by the Shareholders' meeting and may be removed by the Shareholders' meeting before the expiration of their terms of office. The term of office of a Director is three years, and upon the expiry of the term, he/she shall be eligible for re-election and re-appointment in accordance with the securities regulatory rules of the place where the Company's Shares are listed. Prior to the expiration of the term of office of a Director, he/she may be removed by an ordinary resolution of the Shareholders' meeting. When the Board is re-elected or when there is a vacancy in the Board members that requires a by-election, the Board has the right to propose Director candidates, and after review and approval, submit the list of candidate Directors, their biographies and basic information to the Shareholders' meeting for consideration by way of a proposal.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination, Remuneration and Appraisal Committee is responsible for reviewing the composition of the Board and providing recommendations to the Board on the appointment, re-election and succession planning of Directors.

## BOARD MEETINGS

The Company adopts the practice of holding regular Board meetings, convening at least four Board meetings a year, approximately once a quarter. Notices of not less than 14 days will be given to all Directors for regular Board meetings so that all Directors may attend such regular meetings and discuss the matters on the agenda.

For other Board and Board Committee meetings, the Company will give reasonable advance notice. The meeting notice includes the meeting agenda and relevant board papers, and is dispatched at least 2 days before the date of a Board meeting and at least 3 days before the date of a Board Committee meeting to ensure that Directors have sufficient time to review the relevant documents and adequately prepare to attend the meeting.

## CORPORATE GOVERNANCE REPORT

If a Director or a member of a Board Committee is unable to attend a meeting, they will be informed of the matters to be discussed and be given an opportunity to make their views known to the chairman prior to the meeting. Directors attending the meeting shall sign on the minutes of the meeting, which will be kept by the secretary of the Board, and copies of such minutes will be provided to all Directors for their reference and records.

The minutes of Board meetings and Board Committee meetings record in sufficient detail the matters considered and decisions reached by the Board and Board Committees, including any concerns raised by the Directors. The minutes of Board meetings shall be open for inspection by all Directors.

For the year ended December 31, 2025, the Board held 8 Board meetings and 2 Shareholders' meetings. The attendance of individual Directors at these meetings is set out in the table below:

<b>Director</b>	<b>Number of Board meetings attended/required to attend</b>	<b>Number of Shareholders' meetings attended/required to attend</b>
Mr. WANG Jianfeng	8/8	2/2
Mr. CHEN Wei	8/8	2/2
Ms. LI Junyu	8/8	2/2
Mr. CAI Zhengxin	8/8	2/2
Mr. ZHU Xuesong	8/8	2/2
Mr. ZHOU Xingyou	8/8	2/2
Prof. WEI Xuezhe	8/8	2/2
Prof. LU Guihua	8/8	2/2
Prof. YU Fang	8/8	2/2
Ms. XI Xuanhua	1/1	1/1

## STANDARD CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, each of the Directors has confirmed that he/she has consistently complied with the required standards set out in the Model Code for the period from the Listing Date to December 31, 2025.

Pursuant to code provision C.1.3, the board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities. The Company has formulated the "Internal Reporting System for Material Information" and the "Registration and Management System for Personnel with Access to Inside Information", requiring all personnel who have access to unpublished inside information to register, strictly controlling the scope of insiders and complying with relevant trading restrictions. The Company has notified all Directors and relevant employees prior to the commencement of the lock-up period, reminding them not to deal with the securities of the Company during the lock-up period prior to the results announcement. During the period from the Listing Date to December 31, 2025, after making reasonable enquiries, no incident of non-compliance with the guidelines by the relevant employees of the Company was noted.

# CORPORATE GOVERNANCE REPORT

## DELEGATION BY THE BOARD

The Board reserves the decision-making power for all major matters of the Company, including: approving and supervising all policy matters, overall strategies and budgets, internal control and risk management systems, major transactions (especially those that may involve conflicts of interest), financial data, appointment of Directors and other major financial and operational matters. Directors may seek independent professional advice at the expense of the Company when discharging their duties. They are also encouraged to conduct independent consultations with the senior management of the Company.

The day-to-day management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any material transactions entered into by the management.

## CORPORATE GOVERNANCE FUNCTIONS

The Board confirms that corporate governance should be the collective responsibility of the Directors, and their corporate governance functions include:

- (a) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (c) developing, reviewing and monitoring the code of conduct applicable to employees and Directors;
- (d) developing and reviewing the Company's corporate governance policies and practices, making recommendations to the Board and reporting on related matters;
- (e) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee consists of three members. From January 1, 2025 to November 5, 2025, the members of the Audit Committee were two independent non-executive Directors, being Prof. LU Guihua (chairperson) and Prof. YU Fang, and one executive Director, being Mr. WANG Jianfeng. Since November 6, 2026 (the Listing Date), the members of the Audit Committee have been adjusted to two independent non-executive Directors, being Prof. LU Guihua (chairperson) and Prof. YU Fang, and one non-executive Director, being Mr. ZHOU Xingyou.

## CORPORATE GOVERNANCE REPORT

The duties and authorities of the Audit Committee are as follows:

1. Responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for consideration after being approved by more than half of all members of the Audit Committee:
  - (1) disclosing financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
  - (2) appointing or dismissing the accounting firm undertaking the auditing business of the Company;
  - (3) appointing or dismissing the person in charge of finance of the Company;
  - (4) making changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
  - (5) other matters prescribed by laws, administrative regulations, the regulations of the China Securities Regulatory Commission, the securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association.
2. Supervising and evaluating external audit work, including the following aspects:
  - (1) assessing whether the external audit institution is independent and objective and whether the audit procedures are effective in accordance with applicable standards. The Audit Committee shall discuss the nature and scope of the audit and relevant reporting responsibilities with the external audit institution before the audit work commences;
  - (2) developing and implementing policies on the provision of non-audit services by the external audit institution, reporting to the Board on any matters requiring action or improvement and making recommendations;
  - (3) making recommendations to the Board on the appointment, re-appointment or change of the external audit institution, and dealing with any issues regarding the resignation or dismissal of the external audit institution;
  - (4) reviewing the audit fees and terms of engagement of the external audit institution;
  - (5) discussing and communicating with the external audit institution regarding the audit scope, audit plan, audit methods and major matters discovered during the audit;
  - (6) supervising and evaluating whether the external audit institution is diligent and responsible;
  - (7) acting as the key representative body between the Company and the external audit institution, and overseeing the relationship between the Company and the external audit institution.

## CORPORATE GOVERNANCE REPORT

3. Supervising and evaluating internal audit work, including the following aspects:
  - (1) guiding and supervising the establishment and implementation of the internal audit system;
  - (2) reviewing the annual internal audit work plan of the Company;
  - (3) urging the implementation of the internal audit plan of the Company;
  - (4) guiding the effective operation of the internal audit department, evaluating and supervising its effectiveness. The internal audit department of the Company shall report its work to the Audit Committee. Various audit reports, rectification plans for audit issues, and rectification status submitted by the internal audit department to the management shall be simultaneously submitted to the Audit Committee;
  - (5) reporting to the Board on the progress and quality of internal audit work, as well as major issues discovered;
  - (6) coordinating the relationship between the internal audit department and external audit units such as accounting firms and national audit institutions;
  - (7) ensuring that the internal audit department is adequately resourced and has appropriate standing within the Company.
  
4. Reviewing the financial reports of the Company and their disclosure, including the following aspects:
  - (1) reviewing the financial reports, expressing opinions on the truthfulness, completeness, and accuracy of the financial reports;
  - (2) focusing on major accounting and audit issues in the financial reports, including adjustments for major accounting errors, changes in major accounting policies and estimates, matters involving important accounting judgments, and matters leading to non-standard unqualified audit reports;
  - (3) paying special attention to the possibility of fraud, corruption and material misstatements related to financial reports;
  - (4) supervising the rectification of financial reporting issues;
  - (5) whether the preparation and disclosure of financial reports comply with the requirements of the securities regulatory authorities.

## CORPORATE GOVERNANCE REPORT

5. Evaluating the effectiveness of the Company's internal controls, including the following aspects:
  - (1) evaluating the appropriateness of the design of the Company's internal control system;
  - (2) reviewing the internal control self-evaluation report;
  - (3) reviewing the internal control audit report issued by the external audit institution, communicating with the external audit institution about discovered issues and improvement methods;
  - (4) evaluating the results of internal control evaluation and audit, and urging the rectification of internal control deficiencies;
  - (5) evaluating the financial monitoring of the Company as well as the risk management system of the Company;
  - (6) discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems in place;
  - (7) considering major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and the management's response to these findings;
  - (8) reviewing the external audit institution's audit statement issued to the management, any material queries raised by the external audit institution to management about accounting records, financial accounts or systems of control and the management's response, and ensuring that the Board will provide a timely response to the issues raised in the external audit institution's audit statement issued to the management;
  - (9) ensuring that the Company establishes appropriate channels for employees to report or raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters, and reviewing such arrangements from time to time to allow the Company to conduct fair and independent investigations into such matters and take appropriate action.

The written terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended December 31, 2025, the Audit Committee held 6 meetings to review periodic reports (including financial reports), the re-appointment of accounting firms, internal control evaluation reports, amendments to the Accounting Firm Selection and Appointment System of Joyson Electronics and the Internal Audit System of Joyson Electronics, and to review the effectiveness of the Group's risk management and internal control.

## CORPORATE GOVERNANCE REPORT

The attendance of each member of the Audit Committee at these meetings is set out in the table below:

<b>Name of Directors</b>	<b>Number of meetings attended/required to attend</b>
Prof. LU Guihua	6/6
Prof. YU Fang	6/6
Mr. ZHOU Xingyou	1/1
Mr. WANG Jianfeng	5/5

### Nomination, Remuneration and Appraisal Committee

The Nomination, Remuneration and Appraisal Committee consists of three members. From January 1, 2025 to November 5, 2025, the members of the Nomination, Remuneration and Appraisal Committee were two independent non-executive Directors, being Prof. WEI Xuezhe (chairperson) and Prof. LU Guihua, and one executive Director, being Mr. CHEN Wei. Since November 6, 2026 (the Listing Date), the members of the Nomination, Remuneration and Appraisal Committee have been adjusted to two independent non-executive Directors, being Prof. WEI Xuezhe (chairperson) and Prof. LU Guihua, and one executive Director, being Ms. LI Junyu.

The main duties and authorities of the Nomination, Remuneration and Appraisal Committee are as follows:

- (1) researching and making recommendations on the selection criteria and procedures for Directors and senior management;
- (2) selecting qualified candidates for Directors and senior management;
- (3) reviewing and making recommendations on candidates for Directors and senior management;
- (4) researching the appraisal standards for Directors and senior management, conducting appraisals and making recommendations;
- (5) researching and reviewing the remuneration policies and plans for Directors and senior management;
- (6) assessing the independence of independent Directors;
- (7) reviewing the structure, size and composition (including skills, knowledge and experience) of the Board at least annually, assisting the Board in compiling a Board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's strategy. Evaluating the structure of the committees under the Board, and recommending Directors to serve as members of the relevant committees for approval by the Board;
- (8) appointing or dismissing senior management, reviewing and making recommendations on candidates for the Company's senior management;

## CORPORATE GOVERNANCE REPORT

- (9) evaluating the work performance of Directors, and putting forward opinions or recommendations on the change, reappointment or succession of Directors based on the evaluation results;
- (10) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors;
- (11) formulating and, where appropriate, reviewing and implementing the board diversity policy adopted by the Board from time to time, reviewing the progress towards achieving the objectives, and disclosing the relevant policy or a summary thereof reviewed by it in the annual report of the Company;
- (12) the responsibilities and authorities of the nomination committee and the remuneration committee set out in the relevant code provisions of the CG Code (as amended from time to time);
- (13) other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Shares are listed (including but not limited to the Hong Kong Listing Rules and other requirements of the Hong Kong securities regulatory authorities), and the Articles of Association;
- (14) making recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management of the Company, including but not limited to performance evaluation standards, procedures and main evaluation systems, main plans and systems of reward and punishment, based on the main scope, responsibilities, and importance of the management positions of Directors (including non-independent Directors) and senior management, as well as the remuneration levels of relevant positions in other comparable enterprises, and on the establishment of a formal and transparent procedure for developing remuneration policy, and supervising the implementation of the plan;
- (15) reviewing and approving the management's remuneration proposals with reference to the Board's corporate policies and objectives;
- (16) reviewing the performance of duties by Directors and senior management of the Company and conducting annual performance appraisals on them, formulating year-end reward plans, and reporting to the Board for decision and implementation;
- (17) responsible for supervising the implementation of the Company's remuneration system;
- (18) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and making recommendations to the Board on the remuneration of non-executive Directors;
- (19) formulating or modifying equity incentive plans and employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (20) arranging stock ownership plans for Directors and senior management in the event of a proposed spin-off of a subsidiary;

## CORPORATE GOVERNANCE REPORT

- (21) consulting the Chairman about their remuneration proposals for other executive Directors, and seeking independent professional advice if necessary;
- (22) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms; if not, the compensation shall be fair and reasonable;
- (23) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are consistent with contractual terms; if not, the relevant compensation shall be reasonable and appropriate;
- (24) ensuring that no Director or any of his/her associates (as defined in the Hong Kong Listing Rules) is involved in deciding his/her own remuneration; in respect of a non-executive Director who concurrently serves as a member of the Nomination, Remuneration and Appraisal Committee, his/her remuneration shall be determined by other members of the Nomination, Remuneration and Appraisal Committee;
- (25) reviewing the service contracts of the Directors;
- (26) reviewing and/or approving matters relating to share plans under Chapter 17 of the Hong Kong Listing Rules;
- (27) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (28) other matters authorized by the Board;
- (29) other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Shares are listed, and the Articles of Association.

The Nomination, Remuneration and Appraisal Committee evaluates candidates or incumbents based on criteria such as integrity, experience, skills, and the time and effort devoted to performing their duties. The recommendations of the Nomination, Remuneration and Appraisal Committee will then be submitted to the Board for decision.

The written terms of reference of the Nomination, Remuneration and Appraisal Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended December 31, 2025, the Nomination, Remuneration and Appraisal Committee held 1 meeting to provide recommendations on the remuneration plans for Directors and senior management of the Company.

## CORPORATE GOVERNANCE REPORT

The attendance of each member of the Nomination, Remuneration and Appraisal Committee at this meeting is set out in the table below:

<b>Name of Directors</b>	<b>Number of meeting attended/required to attend</b>
Prof. WEI Xuezhe	1/1
Ms. LI Junyu	0/0
Prof. LU Guihua	1/1
Mr. CHEN Wei	1/1

### Director Nomination Policy

In accordance with the Articles of Association, the list of candidates for Directors is submitted to the Shareholders' meeting for voting by way of a proposal. The methods and procedures for nominating Directors are as follows:

When the Board is re-elected or when there is a vacancy in the Board requiring a by-election, the Board has the right to propose candidates for Directors. Upon review and approval, the list of candidate for Directors, their biographies and basic information shall be submitted to the Shareholders' meeting for consideration by way of a proposal.

Shareholders holding or collectively holding 1% or more of the total number of voting Shares may recommend candidate Directors to the Board in writing when the Board is re-elected or when there is a vacancy in the Board requiring a by-election. Upon review by the Board, if they comply with the provisions of laws and the Articles of Association, the Board shall submit the list of candidate for Directors, their biographies and basic information to the Shareholders' meeting for consideration by way of a proposal.

The nominator shall obtain a written commitment from the candidate for Director before nominating the candidate, confirming that he/she accepts the nomination, and undertaking that the publicly disclosed information of the candidate for Director is true and complete, and guaranteeing that he/she will earnestly perform the duties of a Director after being elected.

When the Shareholders' meeting votes on the election of two or more Directors, the cumulative voting system may be implemented in accordance with the provisions of the Articles of Association or the resolutions of the Shareholders' meeting.

If the proportion of Shares in which a single Shareholder and its persons acting in concert have an interest of 30% or more, or when the Company elects two independent Directors or more, the cumulative voting system shall be adopted.

The cumulative voting system referred to in the preceding paragraph means that when the Shareholders' meeting elects Directors, each share has the same voting right as the number of Directors to be elected, and the voting rights owned by the Shareholders can be used in a concentrated manner. The Board shall announce the biographies and basic information of the candidate for Directors to the Shareholders.

# CORPORATE GOVERNANCE REPORT

## Remuneration of Directors and Senior Management

Details of the remuneration of the Directors for the year ended December 31, 2025 are disclosed in Note 8 to the consolidated financial statements.

For the year ended December 31, 2025, the remuneration bands of the senior management of the Company (excluding the Directors, whose biographies are set out on page 36 of this annual report) are set out below:

<b>Remuneration band</b>	<b>Number of individuals</b>
RMB0 to RMB1 million	0
RMB1 million to RMB3 million	1
RMB3 million to RMB5 million	1

## Strategy and ESG Committee

The Strategy and ESG Committee currently consists of seven members. From January 1, 2025 to November 5, 2025, the members of the Strategy and ESG Committee were three executive Directors, being Mr. WANG Jianfeng (chairperson), Mr. CHEN Wei and Ms. LI Junyu, one non-executive Director, being Mr. ZHU Xuesong, and two independent non-executive Directors, being Prof. WEI Xuezhe and Prof. YU Fang. Since November 6, 2026 (the Listing Date), the members of the Strategy and ESG Committee have been adjusted to four executive Directors, being Mr. WANG Jianfeng (chairperson), Mr. CHEN Wei, Ms. LI Junyu and Mr. CAI Zhengxin, one non-executive Director, being Mr. ZHU Xuesong, and two independent non-executive Directors, being Prof. WEI Xuezhe and Prof. YU Fang.

The main duties of the Strategy and ESG Committee are to conduct research and make recommendations on the Company's long-term development strategies, major investment decisions, sustainable development, and ESG-related policies.

The written terms of reference of the Strategy and ESG Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended December 31, 2025, the Strategy and ESG Committee held 2 meetings to discuss the Company's 2024 Sustainability Report and to determine matters relating to the Global Offering of the H Shares of the Company (including the Hong Kong Public Offering and the International Placing) and listing on the Hong Kong Stock Exchange.

## CORPORATE GOVERNANCE REPORT

The attendance of each member of the Strategy and ESG Committee at these meetings is set out in the table below:

<b>Name of Directors</b>	<b>Number of meetings attended/required to attend</b>
Mr. WANG Jianfeng	2/2
Mr. ZHU Xuesong	2/2
Mr. CHEN Wei	2/2
Ms. LI Junyu	2/2
Prof. WEI Xuezhe	2/2
Prof. YU Fang	2/2
Mr. CAI Zhengxin	0/0

### DIRECTORS' FINANCIAL REPORTING RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2025, which give a true and fair view of the state of affairs of the Company and the Group, and of the results and cash flows of the Group.

The management has provided the Board with such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates giving information on the Company's performance, position, and prospects.

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

The statement of the auditors regarding their reporting responsibilities in respect of the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 88 to 96 of this annual report.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Company has established a risk management and internal control system covering the business division and Group level. The system is designed to manage rather than eliminate risks and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board acknowledges its ultimate responsibility for the relevant systems and, with the support of the Audit Committee and the management, has completed a review of the Group's risk management and internal control systems during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## (1) Governance Structure and Three Lines of Defense

The Group follows the COSO internal control framework and adopts the “Three Lines of Defense” governance model:

- **First line of defense (business departments):** responsible for daily operational controls, executing relevant controls in accordance with processes and systems.
- **Second line of defense (functional departments):** internal control, legal, finance, human resources and other departments are responsible for supervising compliance and process effectiveness, and promoting the improvement of systems.
- **Third line of defense (internal audit department):** as a fully independent audit function, it reports directly to the Audit Committee and is responsible for conducting independent assessments of the risk management and internal control systems. The internal audit department is also responsible for supervising the management to continuously optimize processes and internal control designs, ensuring the effective operation of relevant mechanisms.

## (2) Internal Control Development and Evaluation

The Company regularly upgrades and strengthens its internal control system every year, conducting effectiveness evaluations of the internal control system twice a year. The evaluations cover major global business units and core business processes, formulating rectification plans for identified deficiencies, requiring the management to complete them on time and accept continuous tracking. The Company issues an annual internal control evaluation report at the end of each year and has issued the 2025 Internal Control Evaluation Report. According to the report, as at the benchmark date of the internal control evaluation report, there were no material internal control deficiencies. KPMG Huazhen LLP, upon engagement, has audited the effectiveness of the Company’s internal controls relating to financial reporting for the year ended December 31, 2025, in accordance with the Audit Guidelines for Enterprise Internal Control and relevant requirements of the practicing standards for Chinese Certified Public Accountants, and considers that the Company has maintained effective internal controls relating to financial reporting in all material respects during the year ended December 31, 2025, in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations.

## CORPORATE GOVERNANCE REPORT

### (3) Comprehensive Risk Management System

The Company has formulated the Comprehensive Risk Management Policy, specifying requirements for risk identification, risk assessment, risk response, communication and reporting, and has established real-time notification and response mechanisms for major and emerging risks.

The Group carries out a structured annual risk assessment process in the fourth quarter of each year, including:

- **Industry risk research and benchmarking:** The Company conducts industry risk research and forms an annual Major Industry Risk List, which is provided to various business divisions as a reference basis for risk identification and assessment.
- **Risk assessment:** Based on the Risk Management Policy and the Major Industry Risk List, various business divisions identify risks across areas such as strategy, operations, finance and compliance, and formulate corresponding response measures.
- **Major risk list at the Group level:** Based on the annual risk reports of each business division, the Group forms a major risk list related to the Group's strategy and operations. The management formulates response plans based on the nature, significance and likelihood of major risks to ensure the robust operation of the Company.

### (4) Board's Evaluation Conclusion

The Board confirms that the review during the Reporting Period covered all major business and functional areas of the Group. The Board considers that the risk management and internal control systems of the Company were operating effectively and were adequate during the Reporting Period.

### (5) Inside Information Management

The Group has formulated relevant systems such as the Internal Reporting System for Major Information and the Registration and Management System for Personnel with Access to Inside Information, making clear specifications on aspects including the identification of inside information, internal approval processes for major matters, insider management, information isolation, and confidentiality requirements. The Company ensures that all specific and potential inside information is strictly managed, and accurately, timely, and fairly disclosed in accordance with the requirements of the Hong Kong Listing Rules.

## CORPORATE GOVERNANCE REPORT

### AUDITORS' REMUNERATION

The Company's independent external auditor is KPMG. The audit services comprise of the audit of the consolidated financial statements for the year 2025 and the audit-related services conducted by the Company's domestic and international auditors for the Company with the remuneration of RMB45.0 million, and the statutory audit services for certain subsidiaries. The non-audit services mainly comprise of the tax advisory services for certain subsidiaries with the remuneration of RMB6.6 million. The above mentioned remuneration amounts of audit and non-audit services include those paid to KPMG overseas firms which are under common control or management within the same group with KPMG Huazhen LLP and KPMG Hong Kong or those paid to other KPMG firms which a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as entities within the same group with KPMG Huazhen LLP and KPMG Hong Kong nationally or internationally.

### JOINT COMPANY SECRETARIES

Mr. YU Chaohui ("**Mr. YU**") is the secretary to the Board and joint company secretary of the Company, responsible for advising the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations.

To maintain good corporate governance and ensure compliance with the Hong Kong Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. YE Jiahong ("**Ms. YE**") of TMF Hong Kong Limited (a corporate secretarial service provider) as the other joint company secretary of the Company to assist Mr. YU in discharging his duties as the company secretary of the Company. Ms. YE's primary contact person at the Company is Mr. YU.

During the year ended December 31, 2025, Mr. YU and Ms. YE have complied with Rule 3.29 of the Hong Kong Listing Rules by taking no less than 15 hours of relevant professional training.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with Shareholders is highly important for enhancing investor relations and enabling investors to understand the Group's business, performance, and strategies. The Company also strongly believes in the importance of timely and non-selective disclosure of Company information for Shareholders and investors to make informed investment decisions.

The annual Shareholders' meeting of the Company provides an opportunity for direct communication between Shareholders and Directors. All Directors will attend the annual Shareholders' meeting to answer questions from Shareholders. The auditors will also attend the annual Shareholders' meeting and answer questions regarding the conduct of the audit, the preparation and content of the auditor's report, accounting policies, and auditor independence.

## CORPORATE GOVERNANCE REPORT

To facilitate effective communication, the Company has adopted a shareholders' communication policy (the **"Shareholders' Communication Policy"**), which aims to ensure equal, timely, effective, transparent, accurate and open communication between the Company and its Shareholders. The main channels through which the Company communicates information to Shareholders are: the Company's interim reports, annual reports, quarterly reports, annual Shareholders' meetings and other Shareholders' meetings that may be convened, and all disclosure information submitted to the website of the Hong Kong Stock Exchange and the website of the Shanghai Stock Exchange, as well as corporate communications and other Company publications, are posted on the website of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>), the website of the Shanghai Stock Exchange (<https://www.sse.com.cn>), and the Company's website ([www.joyson.com](http://www.joyson.com)). The Company has disclosed its contact information on its website to facilitate Shareholders in raising any inquiries regarding the Company.

Should Shareholders have any questions relating to their shareholdings, they should submit them to the Company's H Share registrar. Its information is as follows:

Name: Computershare Hong Kong Investor Services Limited

Address: 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

The Board reviews the implementation and effectiveness of the Shareholders' Communication Policy annually to ensure that the policy continues to meet the Company's needs while reflecting current regulatory requirements and sound corporate governance practices, and will discuss and consider any amendments that may be required. During the year ended December 31, 2025, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and confirms that the policy has been properly implemented and is considered effective.

### SHAREHOLDERS' RIGHTS

To safeguard the interests and rights of Shareholders, the Company will propose separate resolutions at the Shareholders' meetings on each matter (including the election of individual Directors).

All resolutions proposed at the Shareholders' meetings will be voted on by poll in accordance with the Hong Kong Listing Rules, and the poll results will be published on the websites of the Company and the Hong Kong Stock Exchange in a timely manner after each Shareholders' meeting.

### CONVENING EXTRAORDINARY SHAREHOLDERS' MEETINGS AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, the Board may convene an extraordinary Shareholders' meeting whenever it deems appropriate. Shareholders individually or collectively holding 10% or more of the Shares requesting the Board to convene an extraordinary Shareholders' meeting shall submit a request in writing to the Board. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the extraordinary Shareholders' meeting within 10 days upon receipt of the request.

## CORPORATE GOVERNANCE REPORT

If the Board agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after making the Board resolution. Any changes to the original request in the notice shall be made with the consent of the relevant Shareholders. If the Board disagrees to convene the extraordinary Shareholders' meeting, or fails to provide feedback within 10 days upon receipt of the request, Shareholders individually or collectively holding 10% or more of the Company's Shares proposing to the Audit Committee to convene the extraordinary Shareholders' meeting shall submit a request in writing to the Audit Committee.

If the Audit Committee agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days upon receipt of the request. Any changes to the original request in the notice shall be made with the consent of the relevant Shareholders. If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee will not convene and preside over the Shareholders' meeting, and Shareholders individually or collectively holding 10% or more of the Company's shares for 90 or more consecutive days may convene and preside over the meeting on their own. The expenses necessary for the Shareholders' meeting convened by the Audit Committee or the Shareholders on their own shall be borne by the Company.

Shareholders individually or collectively holding 1% or more of the Company's Shares may submit interim proposals in writing to the convener 10 days prior to the convening of the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days upon receipt of the proposal, announce the content of the interim proposal, and submit the interim proposal to the Shareholders' meeting for consideration. Except where the interim proposal violates laws, administrative regulations, or the provisions of the Articles of Association, or does not fall within the terms of reference of the Shareholders' meeting.

With respect to proposing a person for election as a Director, the relevant procedures can be found on the Company's website.

### ENQUIRIES TO THE BOARD

Shareholders who wish to make enquiries to the Board regarding the Company may send their enquiries to the Company's headquarters at No. 99 Qingyi Road, High tech District, Ningbo, Zhejiang Province, PRC (Email address: 600699@joyson.com).

### AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND CANCELLATION OF THE SUPERVISORY COMMITTEE

On July 29, 2025, the Company completed the repurchase of 13,030,980 A Shares, and on July 31, 2025, completed the cancellation of the repurchased 13,030,980 A Shares at the China Securities Depository and Clearing Corporation Limited. The registered capital of the Company changed from RMB1,408,701,543 to RMB1,395,670,563, and the total share capital changed from 1,408,701,543 Shares to 1,395,670,563 Shares.

The H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on November 6, 2025, with a total of 155,100,000 H Shares issued. The total share capital increased from 1,395,670,563 Shares to 1,550,770,563 Shares, and the registered capital increased from RMB1,395,670,563 to RMB1,550,770,563.

## CORPORATE GOVERNANCE REPORT

In accordance with the relevant provisions of the Company Law of the People's Republic of China, the Guidelines on Articles of Association of Listed Companies (Revised in March 2025), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in April 2025), and other laws, regulations, and normative documents, combined with the actual situation of the Company, the Company will no longer establish a Supervisory Committee. Mr. WANG Yude, Mr. GUO Feier, and Ms. LIU Jinlin will no longer serve as supervisors of the Company. The Audit Committee will exercise the relevant powers of the Supervisory Committee, and the provisions involving the Supervisory Committee and supervisors in various rules and regulations of the Company shall no longer apply.

Based on the above changes in registered capital, the cancellation of the Supervisory Committee and the latest provisions of relevant laws, regulations and normative documents, the Company has amended the Articles of Association. The amended Articles of Association and the matter regarding the cancellation of the Supervisory Committee became effective after being approved at the extraordinary Shareholders' meeting held on December 24, 2025.

Save as disclosed in this annual report, there were no other changes to the Articles of Association during the year ended December 31, 2025.

# INDEPENDENT AUDITORS' REPORT



## Independent auditor's report to the shareholders of Ningbo Joyson Electronic Corp.

*(incorporated in the People's Republic of China)*

### OPINION

We have audited the consolidated financial statements of Ningbo Joyson Electronic Corp. ("the Company") and its subsidiaries ("the Group") set out on pages 97 to 211, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS<sup>®</sup> Accounting Standards) 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") as issued by the Hong Kong Institute of Certified Public Accountants ("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"), as applicable to audits of financial statements of public interest entities. We have also 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.

# INDEPENDENT AUDITORS' REPORT

## 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.

### Revenue recognition

Refer to Note 2(x) of the accounting policies to the consolidated financial statements and Note 4 to the consolidated financial statements.

#### The Key Audit Matter

The Group is mainly engaged in the R&D, production and sales of automotive components. In 2025, the sales of automotive components of the Group amounted to RMB58,164,845,000.

The Group's revenue is recognized when the customers obtained the control over the goods. By taking customer contracts and business arrangement into consideration, the Group recognizes the revenue on sales of automotive components when transferring the control over goods to the customers (picked up by the customers or delivered to the carrier designated by the customers).

#### How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue on sale of goods included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales of goods;
- inspecting customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to goods acceptance and the right of return and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, revenue transactions recorded during the year with the underlying customer contracts, bills of lading, goods delivery and acceptance notes to assess whether the related revenue was recognised in accordance with the Group's accounting policies;

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Revenue recognition (Continued)

Refer to Note 2(x) of the accounting policies to the consolidated financial statements and Note 4 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified revenue recognition on sale of goods as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there may be an incentive for management to advance or delay the timing of revenue recognition to the incorrect accounting period to meet performance expectations or targets, which is more susceptible to misstatement.</p>	<ul style="list-style-type: none"><li>• comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying customer contracts, bills of lading, goods delivery and acceptance notes to assess whether the related revenue had been recognised in the appropriate financial period; and</li><li>• inspecting relevant underlying documentation for journal entries relating to revenue raised during the year which meet specific risk-based criteria.</li></ul>

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Goodwill impairment

Refer to Note 2(e) of the accounting policies to the consolidated financial statements and Note 14 to the consolidated financial statements.

#### The Key Audit Matter

As at 31 December 2025, the original value of the Group's goodwill was RMB9,320,721,000 with a provision for impairment of RMB2,226,071,000. The carrying value was RMB7,094,650,000, which represented 10.3% of the Group's total assets. These assets have been recognised in the consolidated statement of financial position as a result of the acquisitions of various businesses.

Management performs annual impairment assessments of the cash-generating units ("CGUs") to which goodwill have been allocated. Management compares the carrying amount of each CGU with its recoverable amount. The recoverable amount is determined by the higher of the fair value less cost of disposal of the CGU or the value-in-use based on discounted cash flow forecasts.

When management determined the discounted cash flow forecasts involves the estimation of the following key assumptions:

- expected revenue in the forecast period;
- future changes in working capital; and
- the pre-tax discount rates applied.

#### How the matter was addressed in our audit

Our audit procedures to assess the potential impairment of goodwill included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to assessing potential impairment of goodwill;
- based on our understanding of the Group's business, assessing and challenging management's impairment assessment models and the allocation of goodwill to relevant CGUs, were consistent with the requirements of the prevailing accounting standards;
- for the management's assessment of the value-in-use of CGU based on discounted cash flow forecasts, our procedures include:
  - based on our understanding of the industry which the Group belongs to, comparing the most significant inputs used in the discounted cash flow forecasts, including expected revenue in the forecast period, and future changes in working capital with the historical performance of the relevant CGU and the Group's approved financial budget;

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Goodwill impairment (Continued)

Refer to Note 2(e) of the accounting policies to the consolidated financial statements and Note 14 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
<p>When the management uses the market approach to determine the fair value less cost of disposal of a CGU, the stock price of the listed company which the CGU belongs to is adjusted with, if any, a number of factors.</p> <p>We identified assessing potential impairment of goodwill as a key audit matter because of the inherent level of complex and subjective management judgement required in assessing the variable factors and assumptions in the valuation process and because of the potential for management bias in considering the variable factors and assumptions.</p>	<ul style="list-style-type: none"><li>- comparing the forecasted sales volume with the production plan of the OEMs, and test the coverage of the production plan over the forecasted sales volume; comparing the production plan with the relevant information in the external industry report, and evaluating the reasonableness of the identified differences;</li><li>- engaging our internal valuation specialists to assist us in assessing the preparation of the discounted cash flow forecasts with reference to the requirements of the prevailing accounting standards;</li><li>- performing sensitivity analyses of the key assumptions adopted in the discounted cashflow forecasts, including the discount rates and future revenue growth rates, and considering the resulting impact on the impairment assessments and whether there were any indicators of potential management bias;</li><li>- comparing the actual results of relevant CGUs in the current year with the key assumptions used by the management in calculating prior year's present value of estimated future cash flows, and considering whether there were any indicators of potential management bias.</li></ul>

# INDEPENDENT AUDITORS' REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Goodwill impairment (Continued)

Refer to Note 2(e) of the accounting policies to the consolidated financial statements and Note 14 to the footnotes of the consolidated financial statements.

#### The Key Audit Matter

#### How the matter was addressed in our audit

- for the management's assessment of the fair value less cost of disposal of CGU, our procedures include:
  - comparing the share price of the listed company we obtained independently to the share price that management used in the calculation of the fair value of CGU;
  - engaging KPMG valuation specialists to evaluate the appropriateness of control premium, other necessary adjustments, expected cost of disposal and other key assumptions;
- considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill with reference to the requirements of the prevailing accounting standards.

## **INDEPENDENT AUDITORS' REPORT**

### **INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

# INDEPENDENT AUDITORS' REPORT

## 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. This 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 AUDITORS' REPORT

### 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 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 Yue Tat Wai (*practising certificate number: P06438*).

### KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

30 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4(a)	<b>61,182,689</b>	55,863,577
Cost of sales		<b>(49,986,618)</b>	(46,799,848)
<b>Gross profit</b>		<b>11,196,071</b>	9,063,729
Other income	5	<b>179,439</b>	224,375
Selling and marketing expenses		<b>(814,536)</b>	(584,386)
Administrative expenses		<b>(3,831,467)</b>	(3,556,039)
Research and development costs		<b>(3,288,978)</b>	(2,584,929)
Impairment losses on trade and other receivables		<b>(50,554)</b>	(32,434)
Other net (losses)/gains	6(c)	<b>(127,008)</b>	176,633
<b>Profit from operations</b>		<b>3,262,967</b>	2,706,949
Finance costs	6(a)	<b>(1,074,680)</b>	(827,840)
Share of (losses)/profits of equity-accounted investees, net of tax		<b>(3,065)</b>	116,640
<b>Profit before taxation</b>		<b>2,185,222</b>	1,995,749
Income tax	7	<b>(569,676)</b>	(669,467)
<b>Profit for the year</b>		<b>1,615,546</b>	1,326,282
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>1,335,820</b>	960,470
Non-controlling interests		<b>279,726</b>	365,812
<b>Profit for the year</b>		<b>1,615,546</b>	1,326,282
Continuing operation		<b>1,671,373</b>	1,324,750
Discontinued operation		<b>(55,827)</b>	1,532
<b>Profit for the year</b>		<b>1,615,546</b>	1,326,282
<b>Earnings per share</b>			
Basic (RMB)			
–Continuing operation	10(a)	<b>1.01</b>	0.68
–Discontinued operation	10(a)	<b>(0.06)</b>	0.00
Diluted (RMB)			
–Continuing operation	10(b)	<b>1.01</b>	0.68
–Discontinued operation	10(b)	<b>(0.06)</b>	0.00

The notes on pages 104 to 211 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 33(b).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>	<b>1,615,546</b>	1,326,282
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liability	<b>75,003</b>	41,303
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of equity-accounted investees	–	(27,068)
Exchange differences on translation of financial statements in foreign companies	<b>503,931</b>	(820,061)
Cash flow hedges – net movement in the hedging reserve	<b>(127,974)</b>	(41,686)
Other comprehensive income for the year, net of tax	<b>450,960</b>	(847,512)
<b>Total comprehensive income for the year</b>	<b>2,066,506</b>	478,770
Continuing operation	<b>2,122,333</b>	477,238
Discontinued operation	<b>(55,827)</b>	1,532
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>1,739,870</b>	496,710
Non-controlling interests	<b>326,636</b>	(17,940)
<b>Total comprehensive income for the year</b>	<b>2,066,506</b>	478,770

The notes on pages 104 to 211 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	11	16,680,519	16,061,449
Investment property	11	11,145	20,895
Right-of-use assets	13	1,593,470	1,657,153
Intangible assets	12	5,828,221	5,380,349
Interests in associates	16	113,302	57,774
Interest in joint venture	16	109,759	109,786
Goodwill	14	7,094,650	7,216,315
Trade and other receivables	21	308,109	304,029
Prepayments and other assets	22	2,337,971	1,671,264
Other financial assets	17	1,019,694	245,974
Derivative financial instruments	18	–	34,807
Deferred tax assets	30	1,455,492	1,317,538
		<b>36,552,332</b>	34,077,333
<b>Current assets</b>			
Derivative financial instruments	18	30,194	55,628
Inventories	19	9,211,829	9,091,939
Trade and other receivables	21	12,008,319	11,354,548
Prepayments and other assets	22	2,008,317	1,955,668
Other financial assets	17	550,446	560,482
Restricted cash	23(a)	828,278	869,892
Cash and cash equivalents	23(a)	7,964,822	5,979,070
Assets held for sale		–	221,308
		<b>32,602,205</b>	30,088,535
<b>Current liabilities</b>			
Loans and borrowings	25	15,821,651	8,495,857
Derivative financial instruments	18	11,509	16,146
Trade and other payables	27	15,792,215	15,215,428
Contract liabilities	20	707,436	733,725
Lease liabilities	28	235,651	197,373
Current taxation	30	262,752	234,931
Provisions	32	510,119	752,338
Liabilities directly associated with the assets held for sale		–	94,031
		<b>33,341,333</b>	25,739,829

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Net current (liabilities)/assets</b>		<b>(739,128)</b>	4,348,706
<b>Total assets less current liabilities</b>		<b>35,813,204</b>	38,426,039
<b>Non-current liabilities</b>			
Loans and borrowings	25	<b>8,387,310</b>	15,185,426
Defined benefit plan obligations	26	<b>1,105,015</b>	1,108,255
Trade and other payables	27	<b>300,891</b>	447,680
Lease liabilities	28	<b>751,483</b>	771,122
Deferred income	31	<b>248,489</b>	151,418
Provisions	32	<b>273,948</b>	249,318
Deferred tax liabilities	30	<b>719,207</b>	667,277
		<b>11,786,343</b>	18,580,496
<b>Net assets</b>		<b>24,026,861</b>	19,845,543
<b>Capital and reserves</b>			
Share capital	33(c)	<b>1,550,771</b>	1,408,702
Reserves		<b>15,771,646</b>	12,149,380
<b>Total equity attributable to equity shareholders of the Company</b>		<b>17,322,417</b>	13,558,082
<b>Non-controlling interests</b>		<b>6,704,444</b>	6,287,461
<b>Total equity</b>		<b>24,026,861</b>	19,845,543

Approved and authorised for issue by the board of directors on 30 March 2026.

Wang Jianfeng  
Chairman

Li Junyu  
Chief Financial Officer

The notes on pages 104 to 211 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company																		
	Share capital	Treasury shares	Share premium	PRC statutory reserves	Share-based payment reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity									
											RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
											<b>Balance at 1 January 2024</b>	1,408,702	(225,264)	12,083,584	189,104	102,388	(1,788,637)	1,809,157	13,579,034
<b>Changes in equity for 2024:</b>																			
Profit for the year	-	-	-	-	-	-	960,470	960,470	365,812	1,326,282									
Other comprehensive income	-	-	-	-	-	(463,760)	-	(463,760)	(383,752)	(847,512)									
Total comprehensive income	-	-	-	-	-	(463,760)	960,470	496,710	(17,940)	478,770									
Repurchase of ordinary shares	-	(194,109)	-	-	-	-	-	(194,109)	-	(194,109)									
Capital invested by minority shareholders	-	-	-	-	-	-	-	-	3,400	3,400									
Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	-	1,330,507	1,330,507									
Transactions with non-controlling interests	-	-	-	-	-	14,757	-	14,757	(556,926)	(542,169)									
Equity-settled share-based transaction	-	-	-	-	26,574	-	-	26,574	533	27,107									
Appropriation to statutory reserves	-	-	-	36,798	-	-	(36,798)	-	-	-									
Profit distribution	-	-	-	-	-	-	(365,547)	(365,547)	(16,565)	(382,112)									
Others	-	-	-	-	-	663	-	663	(2,886)	(2,223)									
<b>Balance at 31 December 2024 and 1 January 2025</b>	1,408,702	(419,373)	12,083,584	225,902	128,962	(2,236,977)	2,367,282	13,558,082	6,287,461	19,845,543									
<b>Changes in equity for 2025:</b>																			
Profit for the year	-	-	-	-	-	-	1,335,820	1,335,820	279,726	1,615,546									
Other comprehensive income	-	-	-	-	-	404,050	-	404,050	46,910	450,960									
Total comprehensive income	-	-	-	-	-	404,050	1,335,820	1,739,870	326,636	2,066,506									
Issue of ordinary shares	155,100	-	2,815,306	-	-	-	-	2,970,406	-	2,970,406									
Cancellation of repurchased ordinary shares	(13,031)	222,515	(209,484)	-	-	-	-	-	-	-									
Repurchase of ordinary shares	-	(222,515)	-	-	-	-	-	(222,515)	-	(222,515)									
Transactions with non-controlling interests	-	-	-	-	-	(436,191)	-	(436,191)	94,063	(342,128)									
Equity-settled share-based transaction	-	132,906	-	-	(66,882)	-	-	66,024	308	66,332									
Appropriation to statutory reserves	-	-	-	13,430	-	-	(13,430)	-	-	-									
Profit distribution	-	-	-	-	-	-	(360,042)	(360,042)	(9,245)	(369,287)									
Others	-	-	-	-	-	6,056	727	6,783	5,221	12,004									
<b>Balance at 31 December 2025</b>	1,550,771	(286,467)	14,689,406	239,332	62,080	(2,263,062)	3,330,357	17,322,417	6,704,444	24,026,861									

The notes on pages 104 to 211 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
<b>Operating activities</b>			
Cash generated from operations	23(b)	5,945,108	5,242,853
Income tax paid		(547,078)	(641,049)
<b>Net cash generated from operating activities</b>		<b>5,398,030</b>	4,601,804
<b>Investing activities</b>			
Payment for purchases of property, plant and equipment, intangible assets and right-of-use assets		(4,308,140)	(3,212,593)
Proceeds from disposal of property, plant and equipment, and right-of-use assets		265,698	145,405
Earnest money paid for the purchase of non-controlling interest in a subsidiary		–	(469,706)
Return of earnest money paid for the purchase of non-controlling interest in a subsidiary		–	773,974
Net proceeds from disposal of a subsidiary and other businesses		530,651	–
Net proceeds from disposal of interest in Ningbo JoysonQuin Automotive Systems Holding Co., Ltd.		–	340,000
Payment for acquisition of associates		(60,000)	–
Acquisition of subsidiaries, net of cash acquired		(6,045)	499,061
Payment for purchase of other financial assets		(4,908,495)	(458,946)
Proceeds from disposal of other financial assets		4,284,349	281,207
Dividends received from associates		3,977	28,665
Net change in restricted cash		11,417	–
Other cash flows arising from investing activities		41,448	84,696
<b>Net cash used in investing activities</b>		<b>(4,145,140)</b>	(1,988,237)

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
<b>Financing activities</b>		
Proceeds from bank loans	13,082,153	13,945,636
Repayment of bank loans	(12,906,283)	(12,477,391)
Payment of capital element and interest element of lease liabilities	(328,182)	(271,713)
Interest of bank loans paid	(1,178,993)	(1,142,681)
Proceeds from public issuance of ordinary shares	3,039,581	–
Contribution from minority shareholders	–	94,500
Payment for the purchase of non-controlling interests in subsidiaries	(351,248)	(2,091,502)
Proceeds from partial disposal of interests in subsidiaries	–	1,475,000
Dividends paid to equity shareholders of the Company and non-controlling interests	(374,606)	(388,885)
Payment for repurchase of shares	(222,515)	(194,109)
Net change in restricted cash	(124,183)	182,455
Proceeds from disposal of shares held by ESOP	122,809	–
Settlement of ESOP	(119,836)	–
Proceeds from settlement under interest swap contract	65,923	–
Listing expenses paid	(41,560)	(2,316)
Other cash flows arising from financing activities	(19,310)	(535)
<b>Net cash generated from/(used in) financing activities</b>	<b>643,750</b>	<b>(871,541)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,896,640</b>	<b>1,742,026</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,979,070</b>	<b>4,253,516</b>
<b>Effect of foreign exchange rate changes</b>	<b>89,112</b>	<b>(16,472)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7,964,822</b>	<b>5,979,070</b>

The notes on pages 104 to 211 form part of these financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 1 PRINCIPAL ACTIVITIES OF REPORTING ENTITY, ORGANISATION AND BASIS OF PREPARATION

### (a) Principal activities of reporting entity

Ningbo Joyson Electronic Corporation. (the “Company”) and its subsidiaries (collectively, referred to as the “Group”) are principally engaged in automotive components business and operated under Joyson Holding Co., Ltd. (referred to as “Joyson Group”).

### (b) Organisation

In 2004, Ningbo Joyson Electronic Corporation. (changed to current name in February 2014, hereinafter referred to as “Joyson Electronics” or “the Company”) started automotive components business and since then operated under Joyson Holding Co., Ltd. (referred to as “Joyson Group”).

As at April 2011, Liaoyuan Deheng, the predecessor of the Company, entered into an agreement for assets purchase by share issue with, among others, Joyson Group, pursuant to which Liaoyuan Deheng agreed to acquire a controlling stake in the operating entities of the Company’s business at the time from Joyson Group and other selling shareholders. In December 2011, as approved by China Securities Regulatory Commission (the “CSRC”), the transaction was completed. As a result, the operating entities were consolidated under the Company and the Company became listed on the Shanghai Stock Exchange.

As at 14 December 2012, the Company completed the transaction of acquiring 74.90% equity of Preh Holding GmbH and 5.10% equity of Preh GmbH through issuing shares to Joyson Group and acquiring 25.10% equity of Preh Holding GmbH from DB AGFund IV GmbH & Co. KG and other shareholders through cash payment, after which the Company held 100% equity of Preh Holding GmbH and 5.10% equity of Preh GmbH.

As at 27 January 2015, the Company completed the acquisition of 75% equity of Quin GmbH by funds raised through non-public offering of shares, and as at 12 April 2018, the Company completed the acquisition of 25% equity of Quin GmbH through its wholly-owned subsidiary Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. (寧波均勝群英汽車系統股份有限公司) (hereinafter referred to as “Joyson Quin”), after which the Company held 100% equity of Quin GmbH.

As at 29 April 2016 and 2 June 2016, the Company completed the acquisition of the automobile information segment of TechniSat Digital GmbH and the mergers of KSS Holdings, Inc. through its wholly-owned subsidiary respectively.

As at 12 April 2018, the Company completed the acquisition of the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business (hereinafter referred to as “Takata related business”) through its wholly-owned subsidiary, KSS Holdings, Inc. (subsequently known as Joyson Auto Safety Holdings S.A.).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 1 PRINCIPAL ACTIVITIES OF REPORTING ENTITY, ORGANISATION AND BASIS OF PREPARATION (CONTINUED)

### (b) Organisation (Continued)

As at 31 December 2020, Guangdong Senssun Weighing Apparatus Group Ltd. (廣東香山衡器集團股份有限公司) (hereinafter referred to as “Senssun”) completed the acquisition of 51% equity of Joyson Quin from the Company.

On 18 December 2024, the Company obtained control over Senssun, which became the Company’s subsidiary. By then, the Company held 32,037,000 shares in total of Senssun, representing approximately 24.26% of its total issued share capital. Subsequently, the Company further acquired a total of 7,584,600 shares of Senssun representing 5.7426% of its total issued share capital, with a total consideration of RMB 261,193,000. As at 31 December 2025, the Company held an aggregate of 39,622,000 shares of Senssun, representing 30.00% of its total issued shares.

On 6 November 2025, the Company completed a Global Offering of 155,100,000 newly issued H Shares with a par value of RMB1 per share to institutional and public shareholders in The Stock Exchange of Hong Kong Limited (“SEHK”). Upon the completion of the Global Offering, the share capital of the Company was increased to approximately RMB1,551 million, comprising 1,395,670,563 A Shares and 155,100,000 H Shares.

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are principally engaged in R&D, manufacturing and sales of automotive components, including Human Machine Interface products, Telematics, Automotive Safety Systems, and Electronics Products of New Energy Vehicle, etc.. The Group mainly carried out its business in China, the United States, Japan, Germany, Mexico, Italy, Romania, Portugal, Poland, Brasil, India and other countries/areas.

### (c) Basis of preparation

#### (i) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). IFRS Accounting Standards include all individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and related interpretations.

These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed in Note 2.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 1 PRINCIPAL ACTIVITIES OF REPORTING ENTITY, ORGANISATION AND BASIS OF PREPARATION (CONTINUED)

### (c) Basis of preparation (Continued)

#### (ii) *Basis of preparation of the financial statements*

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and a joint venture.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(b).

## 2 MATERIAL ACCOUNTING POLICIES

### (a) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the financial assets measured at FVPL, the financial assets measured at FVOCI, derivative financial instruments, assets held for sale and liabilities directly associated with the assets held for sale which are stated at the lower of their carrying amount and fair value as explained in Notes 2(f), 2(g) and 2(m).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

### (c) Basis of consolidation

#### *i. Business combinations*

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, that it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (c) Basis of consolidation (Continued)

#### *ii. Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

#### *iii. Non-controlling interests ("NCI")*

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *iv. Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *v. Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gain or losses) arising from intra-group transactions, are eliminated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (d) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(n)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see Note 2(n)), unless classified as held for sale (or included in a disposal group that is classified as held for sales).

### (e) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, which is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(n)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (f) Other investments in debt and securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

#### *Investments other than equity investments*

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- fair value through other comprehensive income (FVOCI) - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (f) Other investments in debt and securities (Continued)

#### *Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(x)(ii).

### (g) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see Note 2(h)).

### (h) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges). Some borrowings are designated as hedges of the foreign exchange risk of a net investment in a foreign operation.

#### (i) *Cash flow hedges*

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) Hedging (Continued)

##### *(i) Cash flow hedges (Continued)*

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

##### *(ii) Hedge of net investments in foreign operations*

The effective portion of any foreign exchange gain or loss on the borrowings is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

##### *(iii) Fair value hedges*

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(n)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(n)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property (self-owned land excluded), plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Self-owned land is not depreciated
- Buildings and building improvement: 10 to 50 years
- Machinery and equipment: 5 to 15 years
- Motor vehicles: 2 to 20 years
- Other equipment: 3 to 10 years
- Leasehold improvements: Shorter of their useful lives and the lease term

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see Note 2(z)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(n)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(n)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Amortisation period (years)	Basis of determination	Depreciation method
Software and ERP-related intangible assets	3 – 10 years	Expected years of economic benefits	Straight-line method
Patent and technology	5 – 12 years	Expected years of economic benefits	Straight-line method
Capitalised R&D expenditure	3 – 5 years	Expected years of economic benefits	Straight-line method
Customer relationship	12 – 15 years	Expected years of economic benefits	Straight-line method
Trademarks (formed by business combination)	the trademark formed by business combination will not be amortized as intangible assets with indefinite service life	N/A	N/A
Other trademarks	10 years, 20 years	Expected years of economic benefits	Straight-line method

Both the period and method of amortisation are reviewed annually.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Intangible assets (other than goodwill) (Continued)

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

### (k) Lease

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (k) Lease (Continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(n)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

#### (l) Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to its residual value over its estimated useful life. The estimated useful lives are 12 years.

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. As at 31 December 2025 and 2024, the fair values are not materially different from their original cost.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Assets held for sale and discontinued operations

#### (i) *Non-current assets held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### (ii) *Discontinued operations*

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (n) Credit losses and impairment of assets

##### *(i) Credit losses from financial instruments, contract assets and lease receivables*

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and loans to associates).

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Credit losses and impairment of assets (Continued)

#### (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Credit losses and impairment of assets (Continued)

#### (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Significant increases in credit risk (Continued)

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(x)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Credit losses and impairment of assets (Continued)

#### (i) *Credit losses from financial instruments, contract assets and lease receivables (Continued)*

Basis of calculation of interest income (Continued)

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Credit losses and impairment of assets (Continued)

#### (ii) *Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than properties carried at revalued amounts);
- intangible assets;
- right-of-use assets;
- goodwill;
- interests in associates and joint ventures; and
- investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (n) Credit losses and impairment of assets (Continued)

#### (ii) *Impairment of other non-current assets (Continued)*

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (o) Inventories

#### (i) *Inventories*

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (o) Inventories (Continued)

##### *(ii) Contract costs*

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(o)(i)), property, plant and equipment (see Note 2(i)) or intangible assets (see Note 2(j)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(x).

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For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (p) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(x)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(q)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(x)).

### (q) Trade and other receivables

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including allowance for credit losses (see Note 2(n)(i)).

### (r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(n)(i).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (s) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

#### (t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(z)).

#### (u) Employee benefits

##### (i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

##### (ii) *Defined benefit retirement plan obligations*

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (u) Employee benefits (Continued)

#### *(ii) Defined benefit retirement plan obligations (Continued)*

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of “cost of sales”, “Selling and marketing expenses” or “administrative expenses”. Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

#### *(iii) Share-based payments*

If a share-based payment transaction involves a shareholder or a person under effective control of the Group, and if the service recipient does not have settlement obligations or grants its own equity instruments to its employees, the share-based payment transaction is treated as equity-settled share-based payment.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of equity instruments that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company’s shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (u) Employee benefits (Continued)

##### *(iv) Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (v) Income tax (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (v) Income tax (Continued)

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either; or
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### (w) Provisions and contingent liabilities

##### (i) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

##### (ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (w) Provisions and contingent liabilities (Continued)

#### *(iii) Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 2(w)(i).

Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 2(w)(i).

### (x) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

#### *(i) Sales of products*

##### (a) Sale of automotive components

Revenue is recognised when the Group transfers the control over automotive components to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

##### (b) Sale of weighing apparatus

Revenue is recognised when the Group transfers the control over weighing apparatus to customers (i.e. goods accepted by customers or confirms the completion of the transaction)/satisfies the performance obligation in the contract.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (x) Revenue and other income (Continued)

##### *(i) Sales of products (Continued)*

#### (c) Rendering of research and development services

Sale of R&D means the right of the Group to collect consideration for contractual and independently identifiable performance obligations relating to R&D services. Revenue is recognised when the customer passes the acceptance and the development results are submitted.

#### (d) Sale of tooling

Before the mass production, the Group sometimes carries out tooling development activities for customers. Revenue of tooling is recognised when the Group transfers the control over tooling to customers, obtains the verification report and the consent of mass production of relevant products from customers/satisfies the performance obligation in the contract.

##### *(ii) Dividends*

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

##### *(iii) Interest income*

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(n)(i)).

##### *(iv) Government grant*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants related to assets shall be recognized as deferred income in the balance sheet and recorded in other income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expenses or losses shall be recognized as deferred income and shall be recorded in other income or non-operating income in the period in which the relevant expenses or losses are recognized; other government grants shall be recorded in other income or non-operating income directly.

The Group recognizes government grants received as compensation for R&D expenditures as a deduction of the carrying amount of the corresponding assets or the costs and expenses being compensated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income (see Note 2(h)(ii)).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into the reporting currency at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired, are translated into the reporting currency at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

In the event of disposal of part of equity investment or other reasons that reduce the proportion of overseas business interests, but not lose control over the overseas operation, the foreign currency translation differences related to the disposal of foreign operations shall be vested in non-controlling interests and not transferred to the current profits and losses. When the overseas operation is part of the equity interest in the joint venture or joint venture, the foreign currency translation difference related to the overseas operation shall be transferred to the profit or loss of the current period according to the proportion of disposal of the overseas operation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

#### (aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (z) Borrowing costs (Continued)

#### *(aa) Related parties (Continued)*

(b) An entity is related to the Group if any of the following conditions applies: (Continued)

- (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).
- (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### *(bb) Segment reporting*

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 14, 19, 34(a), 26 and 32 contain information about the assumptions and their risk factors relating to estimate of recoverable amount in goodwill impairment testing, net realizable value of inventories, credit loss of trade receivables, defined benefit plans and estimated outcome in respective of provisions. Other significant sources of estimation uncertainty are as follows:

#### (i) Useful life of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### (ii) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses, tax credit carried forward and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in the future years.

#### (iii) Determining the lease term

As explained in policy Note 2(k), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### (iv) Fair value measurement of financial assets and liabilities at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 34(e).

### (v) Assessment of the fair value of identifiable net assets in acquisition transactions and goodwill recognition

As stated in Note 2 (c), identifiable net assets acquired in a business combinations involving enterprises not under common control are recognized at the fair value at the acquisition date, and if the combination cost exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill.

The assessment of the fair value of identifiable assets and liabilities involves critical estimates and judgements from management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. The assessment of the fair value of identifiable net assets on the acquisition date includes the identification of various kinds of assets, the selection of valuation methods, and the forecast of future cash flows, which involves critical estimates and judgements about the key assumptions including revenue growth rate, gross profit rate and discount rate. Different inputs used in the key assumptions may lead to significant differences between fair value estimates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

As the world's top supplier of automotive electronics systems and automotive safety systems, the Group provides one-stop solutions in key technology areas of intelligent electric vehicles to global OEMs. Further details regarding the Group's performance obligations are disclosed in Note 2(x).

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
– Sale of automotive components	58,164,845	53,320,665
– Rendering of research and development services	1,285,979	1,557,508
– Sale of tooling	896,210	914,957
– Sale of weighing products	794,227	28,474
	<b>61,141,261</b>	55,821,604
<b>Revenue from other sources</b>		
– Rentals	17,604	16,203
– Others	23,824	25,770
	<b>61,182,689</b>	55,863,577

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

Disaggregation of revenue from contracts with customers by the Group's business and by geographic markets is disclosed in Notes 4(b)(ii) and 4(b)(iii) respectively.

The Group's customer base is diversified and includes one and one customer contributing over 10% of total revenue of the Group for the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (a) Revenue (Continued)

#### (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For contracts as defined in IFRS 15 with a term less than one year, the practical expedient under IFRS 15.121(a) is applied and no amounts are shown.

#### (iii) Contract balances

	Note	2025 RMB'000	2024 RMB'000
Trade and bills receivables	21	9,902,298	9,510,515
Contract liabilities	20	707,436	733,725

Trade and bills receivables are non-interest bearing and are generally on terms of 30 to 90 days from invoice date. As of 31 December 2025 RMB167,101,000 (2024: RMB152,703,000) was recognised as provision for expected credit losses on trade and bills receivables.

Contract liabilities primarily relate to the advance consideration received from customers for customized products. This will be recognised as revenue when the products are delivered and accepted by the customers, which is expected to occur upcoming 12 months.

### (b) Segment reporting

The Group manages its businesses by geographic regions. The Group designs, manufactures and sells its products and services through five divisions: Automotive safety systems, Automotive electronics systems, Automotive components, Weighing apparatus and Others. The Automotive safety systems business mainly includes seatbelts, airbags, intelligent steering wheels and integrated safety solutions related products. The Automotive electronics business mainly includes automotive intelligence solutions, e-mobility and HMI, etc. The Automotive components business includes smart cockpits products and new energy electric charging and distribution products. The Weighing apparatus business includes various electronic weighing products. The Others business includes the Company and its subsidiaries other than those included in Automotive safety systems business, Automotive electronics systems business, Automotive components business and Weighing apparatus business.

In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group presented accordingly the five reportable segments. No operating segments have been aggregated to form the reportable segments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include loans and borrowings managed directly, trade and other payables attributable to the manufacturing and sales activities of the individual segments and trade and provisions for automotive product warranties.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of automotive product, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (Continued)

(ii) Disaggregation of revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 are set out below.

	Automotive safety systems		Automotive electronic systems		Automotive components		Weighing Apparatus		Others		Elimination among segments		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue from external customers</b>	<b>37,375,549</b>	<b>37,632,353</b>	<b>16,758,818</b>	<b>16,996,416</b>	<b>5,236,197</b>	<b>179,949</b>	<b>793,502</b>	<b>28,474</b>	<b>1,018,623</b>	<b>1,026,385</b>	<b>-</b>	<b>-</b>	<b>61,182,669</b>	<b>55,663,577</b>
Inter-segment revenue	7,916	9,704	732,269	664,179	105,664	1,897	-	1,676	755,643	304,837	(1,601,492)	(982,293)	-	-
<b>Reportable segment revenue</b>	<b>37,383,465</b>	<b>37,642,057</b>	<b>17,491,087</b>	<b>17,660,595</b>	<b>5,341,861</b>	<b>181,846</b>	<b>793,502</b>	<b>30,150</b>	<b>1,774,266</b>	<b>1,331,222</b>	<b>(1,601,492)</b>	<b>(982,293)</b>	<b>61,182,669</b>	<b>55,663,577</b>
<b>Reportable segment profit before taxation</b>	<b>786,263</b>	<b>1,086,767</b>	<b>921,364</b>	<b>802,071</b>	<b>2,449</b>	<b>1,610</b>	<b>65,289</b>	<b>6,081</b>	<b>512,008</b>	<b>443,997</b>	<b>(102,151)</b>	<b>(344,777)</b>	<b>2,185,222</b>	<b>1,995,749</b>
Interest income	28,542	40,439	27,063	21,188	19,116	373	2,900	58	108,544	111,339	(78,546)	(68,270)	107,620	105,127
Interest expense	(487,717)	(605,670)	(224,007)	(267,217)	(116,965)	(4,776)	(17,741)	(741)	(376,636)	(320,275)	78,545	68,270	(1,144,521)	(1,130,409)
Depreciation and amortisation for the year	(1,612,397)	(1,767,860)	(1,150,146)	(1,261,514)	(245,421)	(15,919)	(37,225)	(2,632)	(269,154)	(139,200)	-	-	(3,314,343)	(3,187,025)
<b>Reportable segment assets</b>	<b>33,883,172</b>	<b>33,219,444</b>	<b>18,022,264</b>	<b>17,399,230</b>	<b>9,140,172</b>	<b>8,127,114</b>	<b>-</b>	<b>3,323,949</b>	<b>24,544,111</b>	<b>26,396,591</b>	<b>(16,435,182)</b>	<b>(24,300,460)</b>	<b>69,154,537</b>	<b>64,185,868</b>
Long-term equity investments in associates and joint ventures	124,123	121,637	5,851	5,347	-	6,907	-	-	93,087	33,669	-	-	223,061	167,560
Additions to non-current segment assets during the year (excluding long-term equity investments, financial assets, goodwill and deferred tax assets)	1,482,100	1,410,597	904,306	1,226,249	350,885	4,139	-	642	192,412	305,080	-	-	2,929,703	2,946,707
<b>Reportable segment liabilities</b>	<b>23,619,064</b>	<b>24,944,361</b>	<b>9,892,564</b>	<b>9,324,128</b>	<b>5,653,233</b>	<b>4,534,819</b>	<b>-</b>	<b>1,781,712</b>	<b>7,440,032</b>	<b>8,969,534</b>	<b>(1,677,187)</b>	<b>(5,233,249)</b>	<b>45,127,676</b>	<b>44,320,325</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (iii) Geographic information

The following table sets information about (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment and right-of-use assets specific non-current assets. The revenue is generated from China and overseas markets, such as North America, Europe, and Asia during the reporting period. Location of specific non-current assets depend on the actual location of the property. As for trademark rights, proprietary technology and goodwill, the Group will use them both inside and outside China, the regional data of these assets are not listed.

	2025 RMB'000	2024 RMB'000
<b>Revenue by location of the customers</b>		
– China	16,736,384	14,156,943
– Overseas	44,446,305	41,706,634
<b>Total</b>	<b>61,182,689</b>	55,863,577

	2025 RMB'000	2024 RMB'000
<b>Specific non-current assets</b>		
– China	5,282,875	6,529,999
– Overseas	13,002,259	11,209,498
<b>Total</b>	<b>18,285,134</b>	17,739,497

### 5 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants	113,623	103,041
Additional deduction for VAT	62,972	119,536
Others	2,844	1,798
	<b>179,439</b>	224,375

Note:

Government grants mainly represent operating subsidies and amortization of government grants for capital expenditure including development and construction of property, plant and equipment or land use rights. Conditions related to the grants, i.e. job creation, realization of sales, completion of certain tax payments have been fulfilled.

Additional deduction for VAT represents the preferential tax treatment for advanced manufacturing companies that the Group was qualified for since 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
<b>(a) Finance costs</b>		
Interest on loans and borrowings	1,128,520	1,111,583
Less: capitalized interest expense	(41,722)	(36,199)
Interest on lease liabilities	57,723	55,025
Interest income	(107,620)	(105,127)
Net exchange losses/(gains)	10,947	(216,827)
Others	26,832	19,385
<b>Total finance costs</b>	<b>1,074,680</b>	827,840

	2025 RMB'000	2024 RMB'000
<b>(b) Staff costs (including directors' emoluments)</b>		
Contributions to defined contributions plan (i)	255,354	207,469
Expenses recognised in respect of defined benefit plans (Note 26)	31,560	32,393
Equity-settled share-based payment expenses (Note 29)	14,864	27,107
Salaries, wages and other benefits	12,253,227	10,329,568
<b>Total staff costs</b>	<b>12,555,005</b>	10,596,537

Note:

- (i) Employees of the Group are required to participate in a defined contributions plan administered and operated by the local municipal government. The Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

	2025 RMB'000	2024 RMB'000
<b>(c) Other net (losses)/gains</b>		
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(43,862)	3,348
Net realized and unrealized gains on financial assets measured at FVPL	156,521	63,171
Disposal of interest in associates	(221,591)	108,604
Donations	(4,821)	(989)
Others	(13,255)	2,499
<b>Other net (losses)/gains</b>	<b>(127,008)</b>	176,633

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 6 PROFIT BEFORE TAXATION (CONTINUED)

	2025 RMB'000	2024 RMB'000
<b>(d) Expenses by nature</b>		
Cost of inventories (i)	48,923,403	45,284,465
Depreciation of property, plant and equipment	1,869,557	1,773,982
Depreciation of right-of-use assets	300,262	326,486
Amortisation of intangible assets	1,144,524	1,086,557
Auditors' remuneration:		
– audit services	44,978	43,067
– non-audit services	6,649	5,058
Restructuring expenses	312,413	621,371
Write-down of inventories	199,463	125,626

Note:

- (i) Cost of inventories includes staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
<b>Current tax</b>		
Provision for the year	574,899	610,653
Under/(over) provision in respect of prior years	17,339	(13,055)
<b>Deferred tax</b>		
Origination and reversal of temporary differences (Note 30)	(22,562)	71,869
	569,676	669,467

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

#### (b) Reconciliation between tax expense and accounting profit at applicable tax rates

	2025 RMB'000	2024 RMB'000
Profit before taxation	2,185,222	1,995,749
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	546,306	498,937
Effect of tax concessions	(142,731)	(160,228)
Changes in estimates related to prior years	17,339	(13,055)
Tax effect of non-taxable income	(34,089)	(34,926)
Tax effect of non-deductible expenses	329,028	95,770
Tax effect of tax losses or temporary differences not recognised as deferred tax assets	(97,222)	328,726
Super deduction for research and development expenditure	(108,499)	(118,066)
Withholding income tax	66,698	80,832
Others	(7,154)	(8,523)
Actual tax expense	569,676	669,467

#### Notes:

- (i) According to the Corporate Income Tax Law of China (the "Tax Law"), the Group's subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%.
- (ii) Taxation of subsidiaries in are charged at the prevailing rates of respectively in the relevant countries and are calculated on a stand-alone basis. The income tax rates of the major subsidiaries in Brazil, Poland, Germany, Philippines, Romania, USA, Mexico, Portugal, Japan and Hungary are 34%, 19%, 15.825%, 25%, 16%, 21%, 30%, 20%, 23.2% and 9%, respectively. The subsidiaries in Germany are also subject to the trade tax at the rate from 7%-17%.
- (iii) The Group is subject to the global minimum top-up tax under the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The Pillar Two income tax are levied on certain subsidiaries under the local new tax laws which introduced a domestic minimum top-up tax effective from 1 January 2024.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. This new tax policy did not have a material impact.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 8 DIRECTORS' AND SUPERVISOR'S EMOLUMENTS

Directors' and Supervisors' emoluments as recorded in the financial statements are set out below:

	Year ended 31 December 2025			
	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based payment (vii) RMB'000
<b>Executive directors</b>				
Mr. Wang Jianfeng (vi)	–	4,466	–	–
Mr. Chen Wei	–	5,964	–	607
Ms. Li Junyu	–	2,146	3,035	1,056
Mr. Cai Zhengxin	–	4,502	–	607
<b>Non-executive directors</b>				
Mr. Zhu Xuesong (vi)	–	–	–	–
Mr. Zhou Xingyou (v) (vi)	–	–	–	–
<b>Independent non-executive directors</b>				
Mr. Wei Xuezhe	120	–	–	–
Mr. Lu Guihua	120	–	–	–
Mr. Yu Fang	120	–	–	–
Ms. Xi Xuanhua (ix)	23	–	–	–
<b>Supervisors</b>				
Mr. Wang Yude (ii)	–	1,445	1,086	303
Mr. Guo Feier (iii)	–	863	1,957	303
Ms. Liu Jinlin (viii)	–	–	–	–
<b>Total</b>	<b>383</b>	<b>19,386</b>	<b>6,078</b>	<b>2,876</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 8 DIRECTORS' AND SUPERVISOR'S EMOLUMENTS (CONTINUED)

	Year ended 31 December 2024			
	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Discretionary Bonuses RMB'000	Equity-settled share-based payment (vii) RMB'000
<b>Executive directors</b>				
Mr. Wang Jianfeng (vi)	–	4,006	649	483
Mr. Chen Wei	–	7,540	4,350	607
Ms. Li Junyu	–	2,134	3,035	2,938
Mr. Liu Yuan (i)	–	600	–	–
Mr. Cai Zhengxin	–	4,357	1,729	1,130
<b>Non-executive directors</b>				
Mr. Zhu Xuesong (vi)	–	–	–	–
Mr. Zhou Xingyou (v) (vi)	–	–	–	–
<b>Independent non-executive directors</b>				
Mr. Wei Xuezhe	120	–	–	–
Mr. Lu Guihua	120	–	–	–
Mr. Yu Fang	120	–	–	–
<b>Supervisors</b>				
Mr. Wang Yude (ii)	–	906	648	565
Mr. Guo Feier (iii)	–	640	1,084	565
Ms. Weng Chunyan (iv)	–	169	126	–
Mr. Wang Xiaowei (iv) (vi)	–	–	–	–
Ms. Dai Shenjun (ii) (vi)	–	–	–	–
Ms. Liu Jinlin (viii)	–	–	–	–
<b>Total</b>	<b>360</b>	<b>20,352</b>	<b>11,621</b>	<b>6,288</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 8 DIRECTORS' AND SUPERVISOR'S EMOLUMENTS (CONTINUED)

Notes:

- (i) Mr. Liu Yuan resigned as an executive director of the Company on 27 March 2024.
- (ii) Mr. Wang Yude and Ms. Dai Shenjun were appointed as supervisors of the Company on 16 May 2024.
- (iii) Mr. Guo Feier was appointed as a supervisor of the Company on 27 March 2024.
- (iv) Ms. Weng Chunyan and Mr. Wang Xiaowei resigned as supervisors of the Company on 27 March 2024.
- (v) Mr. Zhou Xingyou resigned as a supervisor on 27 March 2024 and was appointed as a non-executive director of the Company on 16 May 2024.
- (vi) The emoluments of Mr. Wang Jianfeng, Mr. Zhu Xuesong, Mr. Fan Jinhong, Mr. Zhou Xingyou, Ms. Dai Shenjun and Mr. Wang Xiaowei in relation to his services rendered for the Group were borne by the holding company and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation for the year ended 31 December 2025 and 2024.
- (vii) These represent the estimated value of share-based payment granted to the directors and the chief executive under the Company's share option scheme. The value of share-based payment is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(u)(iii), in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share based payment, including the principal terms and number of options granted, are disclosed in Note 29.
- (viii) Ms. Liu Jinlin was appointed as a supervisor of the Company on 23 December 2024 and resigned on 24 December 2025.
- (ix) Ms. Xi Xuanhua was appointed as an independent non-executive Director of the Company on 6 November 2025.

No director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group for the year (2024: nil)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group, one individual (2024: two individuals) was director or supervisor of the Company, whose emoluments are disclosed in Note 8.

The aggregate of the emoluments in respect of the remaining four individuals (2024: three individuals) are as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Salaries and other emoluments	<b>22,031</b>	16,267
Discretionary bonuses	<b>12,461</b>	9,059
	<b>34,492</b>	25,326

The emoluments of the above individuals with the highest emoluments are within the following bands:

	<b>2025</b>	2024
	<b>Number of individuals</b>	Number of individuals
Hong Kong Dollar (“HKD”)		
7,000,001 – 7,500,000	<b>1</b>	–
7,500,001 – 8,000,000	<b>–</b>	1
9,500,001 – 10,000,000	<b>1</b>	2
10,000,001 – 10,500,000	<b>2</b>	–

None of these employees received any inducements or compensation for loss of office, or waived any emoluments during the year (2024: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 10 EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share for the year ended 31 December 2025 and 2024 is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue as follows:

	2025	2024
<b>Total</b>		
Profit attributable to all equity shareholders of the Company (RMB'000)	<b>1,335,820</b>	960,470
Allocation of profit attributable to holders of unvested shares under the 2021 Joyson Employee Stock Ownership Plan (RMB'000) (Note 29)	<b>(5,506)</b>	(6,192)
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	<b>1,330,314</b>	954,278
Weighted average number of ordinary shares at 31 December ('000)	<b>1,404,356</b>	1,392,933
Basic earnings per share (expressed in RMB per share)	<b>0.95</b>	0.69
	<b>2025</b>	2024
<b>Continuing operation</b>		
Profit attributable to all equity shareholders of the Company (RMB'000)	<b>1,418,245</b>	960,098
Allocation of profit attributable to holders of unvested shares under the 2021 Joyson Employee Stock Ownership Plan (RMB'000) (Note 29)	<b>(5,846)</b>	(6,190)
Profit attributable to ordinary equity shareholders of the Company (RMB'000)	<b>1,412,399</b>	953,908
Weighted average number of ordinary shares at 31 December ('000)	<b>1,404,356</b>	1,392,933
Basic earnings per share (expressed in RMB per share)	<b>1.01</b>	0.68

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 10 EARNINGS PER SHARE (CONTINUED)

#### (a) Basic earnings per share (Continued)

	2025	2024
<b>Discontinued operation</b>		
(Loss)/Profit attributable to all equity shareholders of the Company (RMB'000)	<b>(82,425)</b>	372
Allocation of profit attributable to holders of unvested shares under the 2021 Joyson Employee Stock Ownership Plan (Note 29) (RMB'000)	<b>340</b>	(2)
(Loss)/Profit attributable to ordinary equity shareholders of the Company (RMB'000)	<b>(82,085)</b>	370
Weighted average number of ordinary shares at 31 December ('000)	<b>1,404,356</b>	1,392,933
Basic earnings per share (expressed in RMB per share)	<b>(0.06)</b>	0.00

Note: Taken rounding to two decimal places into consideration, the sum of basic earnings per share from continuing operation and discontinued operation for the year ended 31 December 2024 is RMB 0.69 in total.

	2025 '000	2024 '000
Issued ordinary shares at 1 January (Note 33)	<b>1,408,702</b>	1,408,702
Effect of ordinary shares issued (Note 33(c))	<b>24,125</b>	-
Effect of ordinary shares cancellation (Note 33(c))	<b>(5,574)</b>	-
Effect of Treasury Shares (Note 33(d))	<b>(22,897)</b>	(15,769)
Weighted average number of ordinary shares at 31 December	<b>1,404,356</b>	1,392,933

#### (b) Diluted earnings per share

For the year ended 31 December 2025 and 2024, the unvested shares under the 2021 Joyson Employee Stock Ownership Plan (Note 29) were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. Accordingly, diluted earnings per share were the same as basic earnings per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 11 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements RMB'000	Buildings and building improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
<b>Cost or valuation:</b>										
<b>At 1 January 2024</b>	1,385,771	5,525,143	11,366,722	44,821	5,424,425	2,761,083	102,976	26,610,941	-	26,610,941
Additions	34	60,889	559,544	8,315	200,863	1,475,426	33,172	2,338,243	-	2,338,243
Disposals	(5,744)	(35,183)	(326,883)	(8,895)	(291,709)	-	-	(668,414)	-	(668,414)
Transferred from construction in progress to tangible assets	-	386,186	1,062,449	4,382	186,655	(1,639,672)	-	-	-	-
Transferred from construction in progress to intangible assets	-	-	-	-	-	(127,158)	-	(127,158)	-	(127,158)
Acquisitions through business combinations	39,218	822,835	1,052,783	14,720	46,991	354,445	27,086	2,358,078	20,957	2,379,035
Exchange adjustments	(64,651)	(151,016)	(246,703)	(1,370)	(155,168)	(69,590)	(10,924)	(699,422)	-	(699,422)
<b>At 31 December 2024</b>	1,354,628	6,608,854	13,467,912	61,973	5,412,057	2,754,534	152,310	29,812,268	20,957	29,833,225
<b>At 1 January 2025</b>	<b>1,354,628</b>	<b>6,608,854</b>	<b>13,467,912</b>	<b>61,973</b>	<b>5,412,057</b>	<b>2,754,534</b>	<b>152,310</b>	<b>29,812,268</b>	<b>20,957</b>	<b>29,833,225</b>
Additions	4,681	107,533	259,563	6,100	174,477	2,081,754	51,999	2,686,107	11,646	2,697,753
Disposals	(1,732)	(135,945)	(1,050,739)	(7,393)	(339,873)	(43,899)	(8,029)	(1,587,610)	(21,041)	(1,608,651)
Transferred from construction in progress to tangible assets	-	204,844	1,003,196	4,418	182,940	(1,395,398)	-	-	-	-
Transferred from construction in progress to intangible assets	-	-	-	-	-	(156,348)	-	(156,348)	-	(156,348)
Exchange adjustments	65,790	302,121	508,316	1,687	272,205	83,431	790	1,234,340	-	1,234,340
<b>At 31 December 2025</b>	<b>1,423,367</b>	<b>7,087,407</b>	<b>14,188,248</b>	<b>66,785</b>	<b>5,701,806</b>	<b>3,324,074</b>	<b>197,070</b>	<b>31,988,757</b>	<b>11,562</b>	<b>32,000,319</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 11 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and land improvements RMB'000	Buildings and building improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Investment Sub-total RMB'000	Investment property RMB'000	Total RMB'000
<b>Accumulated depreciation and impairment losses:</b>										
<b>At 1 January 2024</b>	5,832	1,789,090	6,943,674	32,740	3,980,496	-	44,981	12,796,813	-	12,796,813
Charge for the year	-	220,686	1,183,012	7,108	393,568	-	19,290	1,823,664	62	1,823,726
Written back on disposals	-	(20,674)	(280,614)	(7,636)	(237,566)	-	-	(546,490)	-	(546,490)
Impairment provision	-	-	2,842	-	-	-	-	2,842	-	2,842
Exchange adjustments	(248)	(54,849)	(145,486)	(858)	(114,004)	-	(10,565)	(326,010)	-	(326,010)
<b>At 31 December 2024</b>	<b>5,584</b>	<b>1,934,253</b>	<b>7,703,428</b>	<b>31,354</b>	<b>4,022,494</b>	<b>-</b>	<b>53,706</b>	<b>13,750,819</b>	<b>62</b>	<b>13,750,881</b>
<b>At 1 January 2025</b>	<b>5,584</b>	<b>1,934,253</b>	<b>7,703,428</b>	<b>31,354</b>	<b>4,022,494</b>	<b>-</b>	<b>53,706</b>	<b>13,750,819</b>	<b>62</b>	<b>13,750,881</b>
Charge for the year	-	273,442	1,353,202	8,988	379,711	-	32,595	2,047,938	3,062	2,051,000
Written back on disposals	-	(42,903)	(760,295)	(3,779)	(322,373)	-	(1,036)	(1,130,386)	(2,707)	(1,133,093)
Exchange adjustments	527	96,829	297,430	1,118	243,827	-	136	639,867	-	639,867
<b>At 31 December 2025</b>	<b>6,111</b>	<b>2,261,621</b>	<b>8,593,765</b>	<b>37,681</b>	<b>4,323,659</b>	<b>-</b>	<b>85,401</b>	<b>15,308,238</b>	<b>417</b>	<b>15,308,655</b>
<b>Net book value:</b>										
At 31 December 2025	1,417,256	4,825,786	5,594,483	29,104	1,378,147	3,324,074	111,669	16,680,519	11,145	16,691,664
At 31 December 2024	1,349,044	4,674,601	5,764,484	30,619	1,389,563	2,754,534	98,604	16,061,449	20,895	16,082,344

Note:

Certain property, plant and equipment as at 31 December 2025 and 2024 respectively, were mortgaged as securities for bank loans.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)

### 12 INTANGIBLE ASSETS

	Software and ERP- related intangible assets RMB'000	Capitalised R&D expenditure RMB'000	Patent and technology RMB'000	Customer relationship RMB'000	Trademark RMB'000	Others RMB'000	Total RMB'000
<b>Cost:</b>							
<b>At 1 January 2024</b>	1,027,179	7,687,145	1,151,610	350,315	179,456	4,480	10,400,185
Additions	69,771	19,846	72,859	-	-	1,007	163,483
Addition through internal development	2,176	1,100,783	-	-	-	-	1,102,959
Transferred from construction in progress to intangible assets	127,158	-	-	-	-	-	127,158
Acquisitions through business combinations	10,398	377,798	377,428	110,237	177,986	-	1,053,847
Disposals	(11,607)	(148,443)	(15,295)	-	-	(1,703)	(177,048)
Exchange adjustments	(39,788)	(288,222)	(51,310)	5,229	2,679	(575)	(371,987)
<b>At 31 December 2024</b>	1,185,287	8,748,907	1,535,292	465,781	360,121	3,209	12,298,597
<b>At 1 January 2025</b>	<b>1,185,287</b>	<b>8,748,907</b>	<b>1,535,292</b>	<b>465,781</b>	<b>360,121</b>	<b>3,209</b>	<b>12,298,597</b>
Additions	68,093	-	8,234	-	-	2,946	79,273
Addition through internal development	9,446	1,161,348	-	-	-	-	1,170,794
Transferred from construction in progress to intangible assets	156,348	-	-	-	-	-	156,348
Disposals	(26,210)	(132,259)	(69,842)	-	(153)	(1,413)	(229,877)
Exchange adjustments	47,476	524,863	75,055	(7,894)	(4,044)	757	636,213
<b>At 31 December 2025</b>	<b>1,440,440</b>	<b>10,302,859</b>	<b>1,548,739</b>	<b>457,887</b>	<b>355,924</b>	<b>5,499</b>	<b>14,111,348</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 12 INTANGIBLE ASSETS (CONTINUED)

	Software and ERP- related intangible assets RMB'000	Capitalised R&D expenditure RMB'000	Patent and technology RMB'000	Customer relationship RMB'000	Trademark RMB'000	Others RMB'000	Total RMB'000
<b>Accumulated amortisation and impairment:</b>							
<b>At 1 January 2024</b>	736,503	4,081,685	1,073,225	229,387	68,244	3,630	6,192,674
Charge for the year	100,627	850,007	95,510	30,623	9,012	778	1,086,557
Disposals	(2,569)	(153,529)	(15,254)	-	-	(1,515)	(172,867)
Impairment provision	-	3,701	-	-	-	-	3,701
Exchange adjustments	(29,434)	(132,802)	(34,154)	3,741	910	(78)	(191,817)
<b>At 31 December 2024</b>	805,127	4,649,062	1,119,327	263,751	78,166	2,815	6,918,248
<b>At 1 January 2025</b>	805,127	4,649,062	1,119,327	263,751	78,166	2,815	6,918,248
Charge for the year	102,911	958,080	35,319	38,448	9,197	569	1,144,524
Disposals	(20,412)	(132,259)	(41,507)	-	(140)	(1,413)	(195,731)
Impairment provision	-	-	-	-	-	-	-
Exchange adjustments	28,957	326,085	68,678	(6,322)	(1,875)	563	416,086
<b>At 31 December 2025</b>	916,583	5,800,968	1,181,817	295,877	85,348	2,534	8,283,127
<b>Net book value:</b>							
At 31 December 2025	523,857	4,501,891	366,922	162,010	270,576	2,965	5,828,221
At 31 December 2024	380,160	4,099,845	415,965	202,030	281,955	394	5,380,349

Notes:

- (i) Certain intangible assets as at 31 December 2025 and 2024 respectively, were pledged as securities for bank loans.

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For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 13 RIGHT-OF-USE ASSETS

The Group leases assets including land use rights, buildings and building improvements, machinery and equipment, motor vehicles and others. Information about leases for which the Group is a lessee is presented below.

	Land use rights RMB'000	Buildings and building improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Others RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2024	473,583	915,391	44,812	34,567	80,698	1,549,051
Additions	73,738	238,521	43,235	35,965	53,522	444,981
Acquisitions through business combinations	239,138	72,254	123,671	-	8,323	443,386
Disposals	-	(136,835)	(5,823)	(27,700)	(17,331)	(187,689)
Exchange adjustments	2,645	(37,744)	(3,743)	(6,240)	(4,740)	(49,822)
At 31 December 2024	789,104	1,051,587	202,152	36,592	120,472	2,199,907
<b>At 1 January 2025</b>	<b>789,104</b>	<b>1,051,587</b>	<b>202,152</b>	<b>36,592</b>	<b>120,472</b>	<b>2,199,907</b>
Additions	-	119,436	20,304	50,113	24,580	214,433
Disposals	(44,452)	(193,119)	(57,478)	(7,465)	(44,508)	(347,022)
Exchange adjustments	(3,994)	100,374	16,352	8,634	10,660	132,026
<b>At 31 December 2025</b>	<b>740,658</b>	<b>1,078,278</b>	<b>181,330</b>	<b>87,874</b>	<b>111,204</b>	<b>2,199,344</b>

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### 13 RIGHT-OF-USE ASSETS (CONTINUED)

	Land use rights RMB'000	Buildings and building improvements RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Others RMB'000	Total RMB'000
<b>Accumulated depreciation:</b>						
<b>At 1 January 2024</b>	90,573	254,542	14,357	8,795	36,794	405,061
Charge for the year	7,577	214,306	47,463	27,210	29,930	326,486
Written back on disposals	–	(119,616)	(4,967)	(26,216)	(16,645)	(167,444)
Exchange adjustments	582	(12,607)	(2,420)	(4,344)	(2,560)	(21,349)
<b>At 31 December 2024</b>	98,732	336,625	54,433	5,445	47,519	542,754
<b>At 1 January 2025</b>	<b>98,732</b>	<b>336,625</b>	<b>54,433</b>	<b>5,445</b>	<b>47,519</b>	<b>542,754</b>
Charge for the year	14,368	174,175	55,632	25,492	34,293	303,960
Written back on disposals	(974)	(188,885)	(54,468)	(1,349)	(42,435)	(288,111)
Exchange adjustments	(1,870)	34,220	4,643	5,726	4,552	47,271
<b>At 31 December 2025</b>	<b>110,256</b>	<b>356,135</b>	<b>60,240</b>	<b>35,314</b>	<b>43,929</b>	<b>605,874</b>
<b>Net book value:</b>						
At 31 December 2025	630,402	722,143	121,090	52,560	67,275	1,593,470
At 31 December 2024	690,372	714,962	147,719	31,147	72,953	1,657,153

The Group leases houses and buildings as offices and production plants, with lease terms ranging from 2 to 20 years. In addition, the Group also leases machinery and transport for the production and manufacture of automotive parts, with lease terms ranging from 2 to 5 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 14 GOODWILL

	2025 RMB'000	2024 RMB'000
Cost	9,320,721	9,492,933
Accumulated impairment loss	(2,226,071)	(2,276,618)
	<b>7,094,650</b>	7,216,315

Goodwill was mainly arised from the Company's following three acquisitions:

On 29 April 2016, the Company acquired the automobile information segment of TechniSat Digital GmbH (subsequently named as Preh Car Connect GmbH). Goodwill was recognized as the positive balance between the Company's share of the fair value of the identifiable net assets and the acquisition cost and allocated to the cash-generation units ("CGU"): Automotive Electronic-Europe, Middle East and Africa Region ("EMEA").

On 2 June 2016, the Company completed the mergers of KSS Holdings. Goodwill was recognized as the positive balance between the Company's share of the fair value of the identifiable net assets and the acquisition cost. In 2018, the Company completed the acquisition of the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business through KSS Holdings. After the acquisition, the Company combined the business of KSS and Takata as automotive safety system business unit, which was coordinated by global headquarter as Joyson Safety System ("JSS") and divided into four operating regions, as China Region, Asia Region except China ("ROA"), Americas Region ("AM"), and Europe, Middle East and Africa Region ("EMEA"), and the goodwill generated from the acquisition of KSS is redistributed to the four CGUs.

On 18 December 2024, Senssun became the Company's subsidiary. Goodwill was recognized as the positive balance between the Company's share of the fair value of the identifiable net assets over the acquisition cost at the acquisition date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 14 GOODWILL (CONTINUED)

### Recognition of goodwill

Goodwill is allocated to the Group's cash-generation units as follows:

	2025 RMB'000	2024 RMB'000
<b>Name of CGU</b>		
Automotive Safety Systems-AM	166,557	170,339
Automotive Safety Systems-EMEA	493,605	504,813
Automotive Safety Systems-China	1,719,316	1,758,356
Automotive Safety Systems-ROA	2,270,931	2,322,496
Automotive Electronics Systems-EMEA	869,242	794,325
Other Automotive Components	1,574,999	1,665,986
	<b>7,094,650</b>	7,216,315

### Impairment tests

Impairment reviews on the goodwill and trademark right with an indefinite useful life of the Group have been conducted by the management according to IAS 36 Impairment of assets. For the purposes of impairment review, the recoverable amounts of the respective CGUs are determined based on the value-in-use ("VIU") calculation. As of 31 December 2025 and 2024, these calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment of the relevant region. Key assumptions for the significant amount of goodwill are set out as follows:

	2025	2024
<b>Pre-tax discount rate</b>		
– Automotive Safety Systems-AM	19.43%	20.59%
– Automotive Safety Systems-EMEA	13.55%	12.02%
– Automotive Safety Systems-China	13.19%	13.24%
– Automotive Safety Systems-ROA	12.57%	12.54%
– Automotive Electronics Systems-EMEA	15.23%	14.48%

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### 14 GOODWILL (CONTINUED)

The recoverable amount of Automotive Safety Systems AM is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB220 million.

The recoverable amount of Automotive Safety Systems EMEA is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB415 million.

The recoverable amount of Automotive Safety Systems China is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB466 million.

The recoverable amount of Automotive Safety Systems ROA is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB211 million.

The recoverable amount of Automotive Electronics Systems EMEA is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB982 million.

After the Group's disposal of the Weighing Apparatus business in 2025, Senssun has been focusing on the Automotive Components business. Considering the changes in Senssun's CGUs and to improve the observability of valuation inputs applied in the goodwill impairment testing, the Group adopts fair value less costs of disposal to determine the recoverable amount of Automotive Components. The key inputs in determining the fair value less costs of disposal is mainly the stock closing price of Senssun as at 31 December 2025, control premium and other necessary adjustments (including adjustments for non-operating assets or liabilities, etc.). Costs of disposal are determined with reference to intermediary agency fees and related taxes and fees associated with asset disposal in the same market.

The recoverable amount of Automotive Components is estimated to exceed its carrying amount at 31 December 2025 by approximately RMB5,970 million.

A CGU to which goodwill has been allocated is tested for impairment by the management annually, and whenever there is an indication that the unit may be impaired.

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of each CGU to exceed its respective recoverable amount.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries as at 31 December 2025 which principally and significantly affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of establishment	Particulars of registered and paid-in capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Preh GmbH	Germany 30 April 2003	EUR 10,000,000/ EUR 10,000,000	100%	100%	-	Manufacturing of automotive components
Preh, Inc.	America 19 September 2005	USD500,000/ USD 500,000	100%	-	100%	Manufacturing of automotive components
Ningbo Preh Joyson Automotive Electronics Co., Ltd. (寧波普瑞均勝汽車電子有限公司)	The People's Republic of China ("PRC") 27 December 2010	EUR 21,250,000/ EUR 21,250,000	100%	-	100%	Manufacturing of automotive components
JOYNEXT GMBH (formerly known as Preh Car Connect GmbH)	Germany 9 July 1990	EUR 141,000/ EUR 141,000	86.65%	-	86.65%	Automotive information business products
JOYNEXT Sp.z.o.o (formerly known as Preh Car Connect Polska Sp. z o.o.)	Poland 15 March 2016	PLN 10,720,000/ PLN 10,720,000	86.65%	-	86.65%	Automotive information business products
Ningbo Joyson Safety Systems Co., Ltd. (寧波均勝汽車安全系統有限公司)	The People's Republic of China ("PRC") 20 January 2017	RMB1,295,753,604.36/ RMB 1,295,753,604.36	59.46%	-	59.46%	Manufacturing of safety systems
Joyson Safety Systems (Huzhou) Co., Ltd. (均勝汽車安全系統(湖州)有限公司)	The People's Republic of China ("PRC") 23 July 2007	USD55,000,000/ USD 55,000,000	59.46%	-	59.46%	Manufacturing of safety systems
Joyson Safety Systems Acquisition LLC	America 18 December 2017	-	59.46%	-	59.46%	Manufacturing of safety systems
Equipo Automotoriz Americana S.A. de C.V.	Mexico 17 December 1973	MXN 50,000/ MXN 50,000	59.46%	-	59.46%	Manufacturing of safety systems
Joyson Safety Systems Brasil Ltda	Brazil May 1959	USD52,187,651.80/ USD 52,187,651.80	59.46%	-	59.46%	Manufacturing of safety systems
JOYSON ITALIA S.R.L.	Italy 21 July 2020	EUR 11,000,000/ EUR 11,000,000	100%	-	100%	Manufacturing of safety systems
Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd (寧波均勝群英汽車系統股份有限公司)	The People's Republic of China 28 November 2001	RMB992,700,000/ RMB992,700,000	55.90%	8.85%	47.05%	Manufacturing & Sales of Automotive components
Joyson Safety Systems Arad S.R.L.	Romania 11 May 2018	RON 46/ RON 46	59.46%	-	59.46%	Manufacturing of safety systems

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 16 INTEREST IN ASSOCIATES AND JOINT VENTURE

	2025 RMB'000	2024 RMB'000
<b>Joint venture</b>		
– immaterial joint ventures	109,759	109,786
<b>Associates</b>		
– immaterial associates	113,302	57,774
<b>Total</b>	<b>223,061</b>	167,560

Aggregate information of associates and joint venture that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates and joint venture in the consolidated financial statements	223,061	167,560
Aggregate amounts of the Group's share of those associates and joint ventures'		
(Loss)/Profit from operations	(3,065)	2,365
<b>Total comprehensive income</b>	<b>(3,065)</b>	2,365

### 17 OTHER FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
<b>Non-current financial assets measured at FVPL</b>		
Equity instruments		
– Listed equity securities	134,457	22,173
– Unlisted equity instruments	473,034	170,933
Reinsurance of defined benefit plan	55,958	52,868
Negotiable certificates of deposit	305,192	–
<b>Non-current financial assets measured at Amortised cost (Note (i))</b>		
Term deposits	51,053	–
	<b>1,019,694</b>	245,974
<b>Current financial assets measured at FVPL</b>		
Financial products	227,506	70,932
Listed equity securities	113,605	75,900
<b>Current financial assets measured at Amortised cost (Note (i))</b>		
Term deposits	209,335	413,650
	<b>550,446</b>	560,482

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 17 OTHER FINANCIAL ASSETS (CONTINUED)

Notes:

- (i) The current term deposits of RMB209,335,000 (2024: RMB413,650,000) and non-current term deposits of RMB51,053,000 (2024: RMB0) at 31 December 2025, respectively are with the term more than 3 months and more than 12 months, are both held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest. These financial products are measured at amortized cost.
- (ii) The Group invested some financial products issued by banks and other financial institutions with its idle funds. These wealth management products usually have a preset maturity period and expected return, covering a wide range of investments, including government and corporate debentures, central bank bills, currency market funds, and other Chinese listed and unlisted equity securities. These financial products are classified as financial assets at fair value through profit or loss.

## 18 DERIVATIVE FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
<b>Derivative financial assets</b>		
<b>Non-current asset</b>		
– Interest rate swaps	–	34,807
<b>Current asset</b>		
– Interest rate swaps	30,194	55,628
<b>Derivative financial liabilities</b>		
<b>Current liability</b>		
– Interest rate swaps	11,509	16,146

The Group enters into interest rate swap contracts where the floating rate interest payments were swapped to fixed interest rate payment for the Group's bank borrowings in relation to the acquisition of Takata related business. These derivative financial instruments are recognised at fair value. The Group designated those interest-rate swaps as hedging instruments for cash flow hedge accounting pursuant to IFRS 9. In this context, the fulfilment of hedge effectiveness conditions as required under IFRS 9 was continually demonstrated prospectively in quantitative method based on regression analysis result. Ineffectiveness was calculated by comparing the present value development of the hedged transactions and the fair value development of the hedging instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 19 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2025 RMB'000	2024 RMB'000
Raw materials	6,267,692	5,875,174
Work in progress	2,110,527	1,988,080
Finished goods	1,533,399	1,773,126
	<b>9,911,618</b>	9,636,380
Less: Provision for diminution in value of inventories	<b>(699,789)</b>	(544,441)
	<b>9,211,829</b>	9,091,939

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	48,923,403	45,284,465
Write-down of inventories	199,463	125,626
	<b>49,122,866</b>	45,410,091

Net realisable value of inventories 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. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of each reporting period to ensure inventory is shown at the lower of cost and net realizable value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 20 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances from sales of automotive components	79,359	66,569
Advances on tooling and R&D services	628,077	667,156
	<b>707,436</b>	733,725

Contract liabilities mainly include advance payments by customers for deliveries of goods and for services to be performed. In the case of these advance payments by customers for deliveries of goods and for services to be performed, for which contract liabilities are recognised, the customer has already paid the consideration or part of the consideration, but the Group has generally not yet satisfied its performance obligation, or has done so only to a limited extent.

#### Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance as at the opening of the year	733,725	658,424
Decrease in contract liabilities as a result of recognising revenue during the year	(975,236)	(498,480)
Increase in contract liabilities as a result of billing in advance of manufacturing activities	948,947	573,781
Balance at the end of the year	<b>707,436</b>	733,725

The amount of billings in advance is mainly expected to be recognised as income within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 21 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<b>Trade receivables</b>		
– Third parties	8,977,806	8,812,749
– Related parties	9,925	18,194
Bills receivable (Note)	1,027,823	720,182
Receivables to be factored	53,845	112,093
Less: allowance for doubtful debts	(167,101)	(152,703)
Trade and bills receivables	9,902,298	9,510,515
<b>Other receivables</b>		
– Tax recoverable and refund receivable	1,634,398	1,380,344
– Deposits and prepayments	183,293	173,908
– Staff advance	79,591	78,714
– Others	208,739	211,067
Other receivables	2,106,021	1,844,033
<b>Current</b>	<b>12,008,319</b>	<b>11,354,548</b>
<b>Other receivables</b>		
– Compensation receivables	–	56,586
– Overpayment of tax in previous years by overseas subsidiaries	267,603	243,501
– Others	40,506	3,942
<b>Non-current</b>	<b>308,109</b>	<b>304,029</b>

Note:

As at 31 December 2025, bills receivable of RMB640,794,000 (2024: RMB469,511,000), compose of bank acceptance bills, whose fair values approximate to their carrying values were classified as financial assets at FVOCI under IFRS 9. The fair value changes of these bills receivable measured at FVOCI were insignificant during the year.

As at 31 December 2025, other bills receivable of RMB387,029,000 (2024: RMB250,672,000), are measured at amortised cost, including bank and commercial acceptance bills.

Bills receivable mainly represent short-term bank acceptance receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 6 months from the date of issuance. Historically, the Group had experienced no credit losses on bills receivable. The Group from time to time endorses bills receivable to suppliers in order to settle trade payables.

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### 21 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### Ageing analysis

As at the end of each reporting period, the ageing analysis of trade debtors, based on the revenue recognition date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	8,836,237	8,742,035
More than 1 year but within 2 years	114,543	78,469
More than 2 years but within 3 years	33,163	7,481
More than 3 years	3,788	2,958
	<b>8,987,731</b>	8,830,943
Less: Provision for bad and doubtful debts	<b>(165,607)</b>	(152,703)
	<b>8,822,124</b>	8,678,240

### 22 PREPAYMENTS AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Payment to OEM	670,904	496,678
Prepayment for long-term assets	214,581	165,589
Contract costs and others (Note)	1,452,486	1,008,997
Non-current	<b>2,337,971</b>	1,671,264
Purchase of raw materials	127,090	112,302
Purchase of tooling	74,325	83,259
Deferred expense	205,809	207,914
Contract costs and others (Note)	<b>1,601,093</b>	1,552,193
Current	<b>2,008,317</b>	1,955,668
	<b>4,346,288</b>	3,626,932

Note:

Contract costs and others mainly include costs incurred in the initial activities carried out by the Group for the fulfillment of the contract, which are costs and expenses incurred by the Group for the fulfillment of contractual obligations prior to the formal delivery of the relevant products after the signing of supply agreements with certain OEMs, and such costs and expenses will be recovered in subsequent supply orders. Accordingly, the costs and expenses incurred by the Group are capitalised and amortised when anticipated future vendor purchases occur.

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### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

#### (a) Cash and cash equivalents comprise

	2025 RMB'000	2024 RMB'000
Cash at bank	8,793,100	6,848,962
Less: Restricted cash (Note)	(828,278)	(869,892)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	7,964,822	5,979,070

Note:

Restricted cash of RMB828,278,000 as at 31 December 2025 (2024: RMB869,892,000), mainly was pledged for loans and bank acceptance bills.

#### (b) Reconciliation of profit before taxation to cash generated from operations

	Note	2025 RMB'000	2024 RMB'000
Profit before taxation		2,185,222	1,995,749
<b>Adjustments for:</b>			
Interest income	6(a)	(107,620)	(105,127)
Investment income		213,163	(251,230)
Depreciation	6(d)	2,169,819	2,100,468
Amortisation of intangible assets	6(d)	1,144,524	1,086,557
Interest expenses	6(a)	1,144,521	1,130,409
Losses/(gains) on disposal of property, plant and equipment and right-of-use assets	6(c)	43,862	(3,348)
Impairment reversal on trade and other receivables		50,554	32,434
Impairment losses of property, plant and equipment, right-of-use assets and inventories and contract costs		214,325	247,654
Change in fair value of financial assets measured at FVPL		(147,408)	(36,870)
Equity-settled share-based payment expenses	6(b)	14,864	27,107
<b>Changes in working capital:</b>			
Increase in inventories		(275,238)	(1,337,066)
Increase in trade and other receivables and other assets		(1,605,521)	(1,377,057)
Increase in trade and other payables and accruals		745,661	1,851,487
Decrease/(increase) in restricted cash		154,380	(118,314)
Cash generated from operations		5,945,108	5,242,853

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(Expressed in Renminbi unless otherwise indicated)

### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities

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

	Bank loans RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 28)	Dividends payable RMB'000	Total RMB'000
<b>At 1 January 2025</b>	23,681,282	968,495	15,615	24,665,392
<b>Changes from financing cash flows:</b>				
Proceeds from bank loans	13,082,153	–	–	13,082,153
Repayment of bank loans	(12,906,283)	–	–	(12,906,283)
Dividends paid to equity shareholders of the Company and non-controlling interests	–	–	(374,606)	(374,606)
Payment of capital element and interest element of lease liabilities	–	(328,182)	–	(328,182)
Interest of bank loans paid	(1,178,993)	–	–	(1,178,993)
<b>Total changes from financing cash flows</b>	<b>(1,003,123)</b>	<b>(328,182)</b>	<b>(374,606)</b>	<b>(1,705,911)</b>
<b>Exchange adjustments</b>	<b>402,282</b>	<b>106,781</b>	<b>–</b>	<b>509,063</b>
<b>Other changes:</b>				
Interest expenses (Note 6(a))	1,128,520	57,723	–	1,186,243
Dividends declared to equity shareholders of the Company and non-controlling interests	–	–	369,287	369,287
Increase in lease liabilities from entering into new leases during the year	–	214,433	–	214,433
Decrease in lease liabilities from terminating leases during the year	–	(32,116)	–	(32,116)
<b>Total other changes</b>	<b>1,128,520</b>	<b>240,040</b>	<b>369,287</b>	<b>1,737,847</b>
<b>At 31 December 2025</b>	<b>24,208,961</b>	<b>987,134</b>	<b>10,296</b>	<b>25,206,391</b>

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### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans RMB'000 (Note 25)	Lease liabilities RMB'000 (Note 28)	Dividends payable RMB'000	Total RMB'000
<b>At 1 January 2024</b>	19,598,535	752,324	900	20,351,759
<b>Changes from financing cash flows:</b>				
Proceeds from bank loans	13,945,636	-	-	13,945,636
Repayment of bank loans	(12,477,391)	-	-	(12,477,391)
Payment of capital element and interest element of lease liabilities	-	(271,713)	-	(271,713)
Interest of bank loans paid	(1,142,681)	-	-	(1,142,681)
Dividends paid to equity shareholders of the Company and non-controlling interests	-	-	(388,885)	(388,885)
<b>Total changes from financing cash flows</b>	325,564	(271,713)	(388,885)	(335,034)
<b>Exchange adjustments</b>	(218,653)	(83,239)	-	(301,892)
<b>Other changes:</b>				
Interest expenses (Note 6(a))	1,111,583	55,025	-	1,166,608
Dividends declared to equity shareholders of the Company and non-controlling interests	-	-	403,600	403,600
Business combinations	2,864,253	195,637	-	3,059,890
Increase in lease liabilities from entering into new leases during the year	-	371,243	-	371,243
Decrease in lease liabilities from terminating leases during this year	-	(50,782)	-	(50,782)
<b>Total other changes</b>	3,975,836	571,123	403,600	4,950,559
<b>At 31 December 2024</b>	23,681,282	968,495	15,615	24,665,392

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### 23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	56,898	56,265
Within financing cash flows	328,182	271,713
	<b>385,080</b>	327,978

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals settled	385,080	327,978
	<b>385,080</b>	327,978

### 24 DISCONTINUED OPERATION

On 3 December 2025, the Group completed the disposal of weighing apparatus segment, which was not previously classified as held-for-sale or as a discontinued operation, since the transaction was initiated and executed in 2025.

#### (a) Results of discontinued operation in the Group's consolidated financial statements.

	For the period from 1 January 2025 to 3 December 2025 RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	793,502	28,108
Cost of sales	(536,382)	(20,302)
Gross profit	257,120	7,806
Expenses	(213,641)	(6,123)
Results from operating activities	43,479	1,683
Tax expense	(4,652)	(151)
Results from operating activities, net of tax	38,827	1,532
Loss on disposal of discontinued operation, including tax	(94,654)	-
(Loss)/Profit from discontinued operations, net of tax	(55,827)	1,532

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 24 DISCONTINUED OPERATION (CONTINUED)

#### (b) Cash flows from discontinued operation

	For the period from 1 January 2025 to 3 December 2025 RMB'000
Net cash generated from operating activities	76,513
Net cash generated from investing activities	291,796
Net cash used in financing activities	(269,575)
Net cash inflows	98,734

#### (c) Effect of disposal on the financial position of the Group

	As at 3 December 2025 RMB'000
Net assets	<b>360,491</b>
Total consideration	<b>360,000</b>
Less: Net assets disposed	<b>(360,491)</b>
Goodwill	<b>(93,823)</b>
Cost of disposal	<b>(340)</b>
Loss on disposal	<b>(94,654)</b>
Consideration received, satisfied in cash	<b>360,000</b>
Less: Cash and cash equivalents disposed of	<b>(310,726)</b>
Net cash inflows	<b>49,274</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 25 LOANS AND BORROWINGS

The short-term loans and borrowings were as follows:

	2025 RMB'000	2024 RMB'000
Pledged loans (Note (i))	315,323	212,824
Loans secured by mortgages (Note (ii))	60,150	515,418
Guaranteed loans (Note (iii))	638,045	–
Unsecured bond issues	500,201	–
Unsecured short-term loans (Note (iv))	4,448,688	4,235,561
Add: Current portion of long-term loans and borrowings (Note (v))	9,859,244	3,532,054
	<b>15,821,651</b>	8,495,857

As at December 2025, the annual interest rates of major short-term loans borrowings range from 1.50% to 5.14% (2024: 1.65% to 8.70%), respectively.

- (i) As at 31 December 2025, the pledge loans consist of multiple short-term loans borrowed from Deutsche Bank with a principal amount of EUR 20,059,000, equivalent to RMB165,602,000; and multiple short-term loans borrowed from China Construction Bank with a principal amount of RMB150,000,000. The above loans are all secured by equity pledges.
- (ii) As at 31 December 2025, the mortgage loans are mainly the principal of RMB60,000,000, borrowed from the China Industrial Bank secured by the Company's real estate.
- (iii) As at 31 December 2025, the guaranteed loans mainly include the principal of RMB637,500,000 borrowed from Industrial and Commercial Bank of China guaranteed by Joyson Group.
- (iv) As at 31 December 2025, the unsecured loans mainly include a short-term loan borrowed from Commerzbank with a principal amount of EUR 250,000,000, equivalent to RMB2,058,875,000; a short-term loan borrowed from China Merchants Bank with a principal amount of RMB508,520,000; a short-term loan borrowed from Bank of Communications with a principal amount of RMB450,854,000; a short-term loan borrowed from Postal Savings Bank of China with a principal amount of RMB163,000,000; a short-term loan borrowed from Bank of China with a principal amount of RMB152,626,000; a short-term loan borrowed from Industrial and Commercial Bank of China with a principal amount of RMB105,569,000; and a short-term loan borrowed from Industrial Bank with a principal amount of RMB224,900,000.
- (v) As at 31 December 2025, the current portion of long-term loans and borrowings mainly include a syndicated loan of RMB5,522,388,000, which has been replaced by a re-financing loan on 14 January 2026. Under the refinancing arrangement, except for approximately USD50 million (equivalent to RMB351,440,000) due in 2026, the remaining outstanding balance will be due after one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 25 LOANS AND BORROWINGS (CONTINUED)

The long-term loans and borrowings were as follows:

	2025 RMB'000	2024 RMB'000
Pledged loans (Note (i))	7,240,868	8,187,658
Loans secured by mortgages (Note (ii))	1,672,952	484,844
Guaranteed loans (Note (iii))	3,228,301	3,630,000
Unsecured long-term loans (Note (iv))	6,104,433	6,414,978
Less: Current portion of long-term loans and borrowings	(9,859,244)	(3,532,054)
	<b>8,387,310</b>	15,185,426

As at December 2025, the annual interest rates of major long-term loans borrowings range 1.15% to 7.00% (2024: 1.15% to 8.41%), respectively.

- (i) As at 31 December 2025, pledged loans mainly include multiple long-term loans borrowed from Deutsche Bank, including a principal of USD145,438,000, equivalent to RMB1,022,253,000, a principal of EUR 198,825,000, equivalent to RMB1,641,247,000, a principal of JPY 20,904,498,000, equivalent to RMB937,548,000, and a principal of RMB1,921,340,000. These loans with an aggregate principal amount of RMB5,522,388,000 will mature in 2026 and has been reclassified to the "Non-current liabilities due within one year" as at 31 December 2025. On 28 November 2025, a refinancing has been contracted, and a loan was drawn on 14 January 2026 to replace the abovementioned loans. Except for approximately USD50 million (equivalent to RMB351,440,000) due in 2026, the remaining drawings will be due after one year.

Pledged loans also include the long-term loan with a principal of RMB1,036,599,000.00 borrowed by the Group's subsidiary from China Merchants Bank, maturing on 12 July 2027; a syndicated loan of RMB407,000,000 from China Construction Bank as the lead bank, with a maturity date of 31 December 2027; Borrowed long-term loan principal of RMB240,000,000 from Industrial Bank, with a maturity date of 26 December 2028. The above loans are pledged with shares.

- (ii) As at 31 December 2025, mortgage loans primarily mainly include a long-term loan borrowed by the Group's subsidiary from The Export-Import Bank of China with a principal of RMB1,017,000,000, maturing from 9 July 2026 to 21 February 2035; a long-term loan borrowed from China Construction Bank with a principal of RMB477,018,000, maturing from 2 January 2028 to 30 December 2029; and a long-term loan borrowed from UniCredit with a principal of EUR 12,000,000, equivalent to RMB98,826,000, maturing on 31 December 2028. The above loans are all secured by real property mortgages. The above loans are mortgaged by real estate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 25 LOANS AND BORROWINGS (CONTINUED)

- (iii) As at 31 December 2025, guaranteed loans primarily mainly include multiple long-term loans borrowed by the Group's subsidiary from China Construction Bank with a principal of RMB1,120,444,000, maturing from 29 June 2026 to 29 May 2028; multiple long-term loans borrowed from Bank of China with a principal of RMB898,500,000, maturing from 7 April 2026 to 10 December 2028; a long-term loan borrowed from Agricultural Bank of China with a principal of RMB689,900,000, maturing from 26 December 2026 to 25 January 2028; and a long-term loan borrowed from Industrial Bank with a principal of RMB499,800,000, maturing on 13 November 2027. The above loans are all guaranteed by Joyson Group.
- (iv) As at 31 December 2025, the unsecured loans mainly include multiple long-term loans borrowed by the Group's subsidiary from Commerzbank with a principal of EUR 203,125,000, equivalent to RMB1,672,836,000, maturing from 11 November 2027 to 30 June 2031; multiple long-term loans borrowed from The Export-Import Bank of China with a principal of RMB1,411,482,000, maturing from 27 February 2026 to 21 October 2034; multiple long-term loans borrowed from Industrial and Commercial Bank of China with a principal of RMB916,000,000, maturing from 24 May 2026 to 11 November 2027; multiple long-term loans borrowed from Bank of China comprising a principal of RMB520,368,000 and a principal of EUR 10,004,000, equivalent to RMB82,385,000, maturing from 7 April 2026 to 21 December 2031; multiple long-term loans borrowed from China Construction Bank with a principal of RMB341,279,000, maturing from 11 November 2027 to 10 October 2028; multiple long-term loans borrowed from Agricultural Bank of China with a principal of RMB289,000,000, maturing from 6 January 2028 to 21 November 2028; a long-term loan borrowed from Postal Savings Bank of China with a principal of RMB198,000,000, maturing on 23 January 2028; and multiple long-term loans borrowed from Bank of Communications with a principal of RMB160,911,000, maturing from 21 July 2027 to 28 July 2027.

As at the end of each reporting period, the long-term bank loans were repayable as follows:

	2025 RMB'000	2024 RMB'000
After one year but within two years	2,290,738	8,197,504
After two years but within five years	4,753,312	5,449,973
After five years	1,343,260	1,537,949
	<b>8,387,310</b>	15,185,426

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26 DEFINED BENEFIT PLANS

	2025 RMB'000	2024 RMB'000
Defined benefits plans	1,105,015	1,108,255

The Group contributes to the following defined benefit retirement plans in overseas. The plans are administered by trustees, the majority of which are independent, with their assets held separately from those of the Group. The trustees are required by the Trust Deed to act in the best interest of the plan participants and are responsible for setting investment policies of the plans.

Certain retired employees were entitled to receive an annual pension payment upon retirement. The pension benefit obligations vary from different regions due to the different future salary increase rate, discount rate, mortality rate etc. Besides, the pension benefit obligations are also influenced by retirement age and plan assets the Group purchased.

The plans expose the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	2025 RMB'000	2024 RMB'000
Present value of defined benefit obligations	1,180,083	1,180,111
Fair value of plan assets	(75,068)	(71,856)
<b>Total defined benefits plans</b>	<b>1,105,015</b>	<b>1,108,255</b>

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

Plan assets consist of government bonds, stocks, cash and deposits and insurance.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26 DEFINED BENEFIT PLANS (CONTINUED)

#### (ii) Movements in the present value of the defined benefit obligation

	2025 RMB'000	2024 RMB'000
<b>Balance as at 1 January:</b>	<b>1,180,111</b>	1,282,682
<b>Included in profit or loss</b>		
– Current service cost	<b>31,560</b>	32,393
– Gain on settlement	<b>(18,898)</b>	(15,437)
– Interest cost	<b>39,232</b>	33,988
<b>Included in OCI</b>		
– Actuarial gain	<b>(84,562)</b>	(50,533)
<b>Other</b>		
– Payments made	<b>(60,981)</b>	(50,811)
– Exchange adjustments	<b>93,621</b>	(52,171)
Balance at the end of the year	<b>1,180,083</b>	1,180,111

The weighted average duration of the defined benefit obligation is 10 years (2024: 10 years).

#### (iii) Movements in plan assets

	2025 RMB'000	2024 RMB'000
Balance as at 1 January:	<b>71,856</b>	72,402
Benefits paid by the plans	<b>(1,598)</b>	(3,889)
Interest income	<b>3,634</b>	3,210
Return on plan assets, excluding interest income	<b>4,558</b>	1,462
Exchange adjustments	<b>(3,382)</b>	(1,329)
Balance at the end of the year	<b>75,068</b>	71,856

#### (iv) Significant actuarial assumptions are as follows:

	2025	2024
Discount rate	<b>1.00%-5.21%</b>	3.10% – 5.70%
Future salary increases	<b>2.00%-9.00%</b>	2.00% – 9.00%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 27 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade and bills payables	11,203,346	10,945,151
Accrual expenses	506,493	543,652
Sales discounts	908,512	646,185
Accrued payroll, welfare and bonus	1,671,380	1,600,075
Other tax payables	631,736	678,290
Dividends payable	10,296	15,615
Others	860,452	786,460
<b>Current</b>	<b>15,792,215</b>	<b>15,215,428</b>
Claim liabilities	–	185,909
Other long-term employee benefits payable	267,834	240,610
Others	33,057	21,161
<b>Non-current</b>	<b>300,891</b>	<b>447,680</b>

As at 31 December 2025 and 2024, there was no significant single item of accounts payable with ageing of more than one year.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	11,168,730	10,876,383
Over 1 year	34,616	68,768
	<b>11,203,346</b>	<b>10,945,151</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 28 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	298,982	281,119
After 1 year but within 2 years	261,128	263,217
After 2 years but within 5 years	365,910	517,109
After 5 years	199,067	344,762
Less: total future interest expenses	(137,953)	(437,712)
Present value of lease liabilities	987,134	968,495

### 29 EQUITY SETTLED SHARE-BASED TRANSACTIONS

#### Joyson Electronics Employee Stock Ownership Plan

Upon the approval of the 16th meeting of the 10th Board of Director of the Company on 14 October 2021 and 2nd extraordinary shareholders' meeting of 2021 on 1 November 2021, the Company launched the 2021 Joyson Employee Stock Ownership Plan (hereinafter referred to as "ESOP"), through which the qualified employees were granted the right to indirectly hold the 9,000,000 treasury shares of the Company at a price of RMB9.5 per share. The share will be vested in three batches in a 41 months period subject to the fulfillment of the KPI of the Company.

On 25 April 2024, the 16th meeting of the 11th Board of Directors and the 9th meeting of the 11th Supervisory Committee of the Company reviewed and approved the "Proposal on the Expiry of the First and Second Lock-up Periods and Fulfillment of Unlocking Conditions for the Company's ESOP." Pursuant to this resolution, 60% of the total shares held under the Employee Stock Ownership Plan were unlocked, totaling 5,400,000 shares.

The number of ESOP are as follows:

	2025 '000	2024 '000
At the beginning of the year	3,480	9,000
Forfeited	(320)	(300)
Granted	370	–
Vested	(90)	(5,220)
At the end of the year	3,440	3,480

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 30 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	234,931	265,327
Provisions for income tax for the year	574,899	610,653
Income tax paid	(547,078)	(641,049)
At the end of the year	262,752	234,931

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year ended 31 December 2025 are as follows:

Deferred tax assets/ (liabilities) arising from:	Unused tax losses RMB'000	Right-of- use assets RMB'000	Lease liabilities RMB'000	Impairment losses RMB'000	Depreciation and amortisation RMB'000	Accruals and provisions RMB'000	Derivatives RMB'000	Others RMB'000	Total RMB'000
<b>At 1 January 2024</b>	678,308	(189,302)	199,837	135,916	(686,240)	718,286	(50,376)	(52,568)	753,861
(Charged)/credited to profit or loss	(22,479)	(10,054)	19,110	23,053	(126,728)	55,452	-	(10,223)	(71,869)
(Charged)/credited to reserve	-	-	-	-	-	(10,611)	28,238	-	17,627
Acquisitions through business combinations	61,440	(44,527)	44,979	8,203	(212,248)	130,606	(672)	(4,405)	(16,624)
Exchange adjustments	(13,624)	3,817	(6,735)	(15,937)	19,353	(25,086)	(1,375)	6,853	(32,734)
<b>At 31 December 2024 and 1 January 2025</b>	703,645	(240,066)	257,191	151,235	(1,005,863)	868,647	(24,185)	(60,343)	650,261
Credited/(charged) to profit or loss	24,176	9,781	(867)	(26,988)	144,637	(130,387)	1,027	1,183	22,562
(Charged)/credited to reserve	-	-	-	-	-	(14,117)	11,578	-	(2,539)
Exchange adjustments	38,670	(5,773)	6,169	28,470	(63,173)	58,438	277	2,923	66,001
<b>At 31 December 2025</b>	766,491	(236,058)	262,493	152,717	(924,399)	782,581	(11,303)	(56,237)	736,285

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 30 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

#### (b) Deferred tax assets and liabilities recognised: (Continued)

##### (ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets in the consolidated statement of financial position	1,455,492	1,317,538
Net deferred tax liabilities in the consolidated statement of financial position	(719,207)	(667,277)
	<b>736,285</b>	650,261

#### (c) Deferred tax assets not recognised

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable.

	2025 RMB'000	2024 RMB'000
Deductible temporary differences	676,481	933,376
Deductible tax losses	5,194,790	5,760,128
<b>Total</b>	<b>5,871,271</b>	6,693,504

The expiration information of the Group's unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	2025 RMB'000	2024 RMB'000
2026	6,010	37,982
2027	92,039	131,061
2028	80,827	131,245
2029	90,059	97,191
2030 and thereafter	4,925,855	5,362,649
<b>Total</b>	<b>5,194,790</b>	5,760,128

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### 31 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
At the beginning of the year	151,418	101,280
Additions	127,469	82,819
Credited to profit or loss	(41,142)	(43,792)
Business Combination	–	15,051
Exchange adjustments	10,744	(3,940)
At the end of the year	248,489	151,418

Deferred income mainly represents government grants relating to construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

### 32 PROVISIONS

	Product Warranties and claims RMB'000	Restructuring Provision RMB'000	Environmental Recovery Obligations RMB'000	Total RMB'000
<b>At 1 January 2024</b>	585,377	70,369	17,730	673,476
Acquisitions through business combinations	17,041	–	–	17,041
Additional provisions made	291,386	621,371	13	912,770
Provisions utilised	(315,118)	(256,030)	(8,039)	(579,187)
Exchange adjustments	(12,924)	(9,202)	(318)	(22,444)
<b>At 31 December 2024</b>	565,762	426,508	9,386	1,001,656
Less: amount included under “current liabilities”	(325,830)	(426,508)	–	(752,338)
<b>Non-current</b>	239,932	–	9,386	249,318
<b>At 1 January 2025</b>	565,762	426,508	9,386	1,001,656
Additional provisions made/(reversed)	207,722	331,783	(347)	539,158
Provisions utilised	(215,749)	(585,438)	(252)	(801,439)
Exchange adjustments	25,222	19,523	(53)	44,692
<b>At 31 December 2025</b>	582,957	192,376	8,734	784,067
Less: amount included under “current liabilities”	(317,743)	(192,376)	–	(510,119)
<b>Non-current</b>	265,214	–	8,734	273,948

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

## 32 PROVISIONS (CONTINUED)

### Product Warranties and claims

Under the terms of the Group's sales agreements, the Group is responsible for product defects. When a product quality claim is received from the OEM, management assesses if a provision should be set up should the future economic outflow is probable, considering various factors such as whether or not a recall has been initiated, product defects are verifiable or litigation is initiated by the OEM etc.

### Restructuring Provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### Environmental Recovery Obligations

The environmental recovery obligation is mainly for the Group's certain plants in the U.S. undertake the activities to recover pollution and damage to the local environment caused by daily production and operation activities in accordance with local laws and regulations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 33 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000	PRC Statutory reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	1,408,702	(225,264)	12,083,584	162,299	43,605	4,921	554,286	14,032,133
<b>Changes in equity for 2024:</b>								
Profit for the year	-	-	-	-	-	-	367,976	367,976
Other comprehensive income	-	-	-	-	-	(17,444)	-	(17,444)
Total comprehensive income for the year	-	-	-	-	-	(17,444)	367,976	350,532
Repurchase of ordinary shares	-	(194,109)	-	-	-	-	-	(194,109)
Equity settled share-based transactions	-	-	-	-	23,110	-	-	23,110
Appropriation to statutory reserves	-	-	-	36,798	-	-	(36,798)	-
Profit distribution	-	-	-	-	-	-	(365,547)	(365,547)
<b>Balance at 31 December 2024 and 1 January 2025</b>	1,408,702	(419,373)	12,083,584	199,097	66,715	(12,523)	519,917	13,846,119
<b>Changes in equity for 2025:</b>								
Profit for the year	-	-	-	-	-	-	134,297	134,297
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	134,297	134,297
Issue of ordinary shares	142,069	-	2,570,669	-	-	-	-	2,712,738
Equity settled share-based transactions	-	132,906	-	-	(33,731)	-	-	99,175
Appropriation to statutory reserves	-	-	-	13,430	-	-	(13,430)	-
Profit distribution	-	-	-	-	-	-	(360,042)	(360,042)
<b>Balance at 31 December 2025</b>	1,550,771	(286,467)	14,654,253	212,527	32,984	(12,523)	280,742	16,432,287

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Dividends

On 30 March 2026, the Board of Directors of the Company proposed to distribute a final cash dividend in respect of the year ended 31 December 2025 of RMB1.8 per 10 ordinary share (tax inclusive). The proposal is pending for approval by the shareholders at the annual general meeting of 2025.

### (c) Issued share capital

	2025 RMB'000	2024 RMB'000
Ordinary shares of RMB1 each, issued and fully paid:		
At 1 January	1,408,702	1,408,702
Issue of ordinary shares	155,100	–
Cancellation of repurchased ordinary shares	(13,031)	–
At 31 December	1,550,771	1,408,702

*Note 1:* Approved by the 29th meeting of the 11th Board of Directors and the 2nd Extraordinary General Meeting of 2024, the Company completed its global offering of H shares on 6 November 2025 and issuing a total of 155,100,000 shares. The total proceeds raised were RMB3,110,220,000. After deducting issuance expenses, the net proceeds were RMB2,970,406,000, of which RMB155,100,000 was recorded as share capital, and RMB2,815,306,000 was recorded as share premium.

*Note 2:* Approved by the 26th meeting of the 11th Board of Directors and the 2nd Extraordinary General Meeting of 2024, the Company repurchased 13,031,000 shares, paying a total amount of RMB222,515,000. On 31 July 2025, the Company cancelled the 13,031,000 treasury shares held in its dedicated repurchase securities account.

### (d) Treasury shares

During the year ended 31 December 2024, the Company repurchased 12,664,000 treasury shares amounting to approximately RMB194,109,000. During the year ended 31 December 2025, the Company further repurchased 13,031,000 treasury shares amounting to approximately RMB222,515,000. As of 31 December 2025, the repurchased 13,031,000 treasury shares had been cancelled.

The balances as of 31 December 2025 included the value of the 12,664,000 treasury shares to be cancelled and the value of 3,690,000 treasury shares granted to the 2021 Joyson Employee Stock Ownership Plan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (e) Nature and purpose of reserves

##### (i) Share premium

The share premium represents the excess of capital injections made by the equity shareholders over the par value of the shares issued.

##### (ii) PRC statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

##### (iii) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of the restricted shares of the Company, granted to the employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(u)(iii).

##### (iv) Other reserve

Other reserve mainly includes:

- a) hedging reserve which comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in Note 2(h)(i), as well as the effective portion of the cumulative changes in the value of the hedging instruments used in CNY net investment hedges in accordance with the accounting policy adopted for net investment hedges in Note 2(h)(ii);

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*(Expressed in Renminbi unless otherwise indicated)*

## 33 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (e) Nature and purpose of reserves (Continued)

#### (iv) *Other reserve (Continued)*

Other reserve mainly includes: (Continued)

- b) fair value reserve which comprises remeasurements arising from defined benefit retirement plans obligations including comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)). The reserve is dealt with in accordance with the accounting policies set out in Note 2(u);
- c) exchange reserve which comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations; and
- d) reserve arising from transactions with non-controlling interest.

### (f) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's overall strategy remains unchanged throughout the years ended 31 December 2024 and 2025. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's total borrowings divided by total equity at the end of the respective year. As at 31 December 2025, the Group's gearing ratio was 1.0 (2024: 1.2).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to accounts receivable, contract assets or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The Group's exposure to credit risk arising from cash and restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### *Trade receivables*

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of revenue recognition. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2025, 14.5% (2024: 16.5%) of the total trade receivables was due from the Group's largest customer respectively, and 26.0% (2024: 28.0%) of the total trade receivables, respectively, was due from the Group's five largest customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

## 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (Continued)

#### Trade receivables (Continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics. For collective group basis, as there are two different customer segments which have different loss patterns, the Group measures loss allowances of the three different customer segments separately.

Trade receivables are categorised as follows for assessment purpose:

- Group 1 – individual: receivables from the counterparties with significant financial difficulty
- Group 2 – collective: other trade receivables from automotive components customer
- Group 3 – collective: other trade receivables from weighing apparatus customer

As at 31 December 2025 and 2024, the gross carrying amount of trade receivables in these categories are as follows:

	2025 RMB'000	2024 RMB'000
Group 1	74,191	81,895
Group 2	8,913,540	8,661,955
Group 3	–	87,093
<b>Total</b>	<b>8,987,731</b>	<b>8,830,943</b>

The loss allowance of Group 2 as at 31 December 2025 and 2024 was determined as follows:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.33%	7,782,426	25,919
Within 1 year past due	5.26%	1,038,636	54,668
More than 1 year but within 2 years past due	26.89%	84,970	22,850
More than 2 years but within 3 years past due	30.83%	6,911	2,131
More than 3 years past due	96.48%	597	576
		<b>8,913,540</b>	<b>106,144</b>

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (a) Credit risk (Continued)

Trade receivables (Continued)

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.33%	7,755,030	25,973
Within 1 year past due	4.78%	835,405	39,938
More than 1 year but within 2 years past due	26.91%	64,184	17,269
More than 2 years but within 3 years past due	30.36%	6,923	2,102
More than 3 years past due	96.89%	413	400
		8,661,955	85,682

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	RMB'000
<b>Balance at 1 January 2024</b>	154,717
Amounts written off	(57,649)
Impairment losses recognised	55,681
Impairment losses reversed	(22,930)
Others	22,884
<b>Balance at 31 December 2024</b>	152,703
<b>Balance at 1 January 2025</b>	<b>152,703</b>
Amounts written off	<b>(27,291)</b>
Impairment losses recognised	<b>54,811</b>
Impairment losses reversed	<b>(5,231)</b>
Others	<b>(7,891)</b>
<b>Balance at 31 December 2025</b>	<b>167,101</b>

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(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the Group can be required to pay; and
- expected undiscounted cash flows provided to the Group's key management personnel and the date the Group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

	As at 31 December 2025					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Loans and borrowings	14,443,594	5,537,863	3,217,452	1,454,274	24,653,183	24,208,961
Trade and other payables	15,792,215	300,891	-	-	16,093,106	16,093,106
Lease liabilities	298,982	261,128	365,910	199,067	1,125,087	987,134
Derivative financial instruments	11,509	-	-	-	11,509	11,509
	<b>30,546,300</b>	<b>6,099,882</b>	<b>3,583,362</b>	<b>1,653,341</b>	<b>41,882,885</b>	<b>41,300,710</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Liquidity risk (Continued)

	As at 31 December 2024					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Loans and borrowings	8,721,598	8,692,022	5,735,141	984,493	24,133,254	23,681,283
Trade and other payables	15,215,428	447,680	–	–	15,663,108	15,663,108
Lease liabilities	281,119	263,217	517,109	344,762	1,406,207	968,495
Derivative financial instruments	16,146	–	–	–	16,146	16,146
	24,234,291	9,402,919	6,252,250	1,329,255	41,218,715	40,329,032

#### (c) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Interest rate risk (Continued)

##### (i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans and lease liabilities as at 31 December 2025 and 2024:

	As at 31 December 2025		As at 31 December 2024	
	Effective interest rates %	Amount RMB'000	Effective interest rates %	Amount RMB'000
<b>Fixed rate instruments:</b>				
Cash at bank	0.001%-1.20%	898,319	0.00%-3.50%	938,791
Trade and other receivables – Compensation receivables	5.21%	66,001	5.21%	116,121
Trade and other payables – Long-term quality claims payable	–	–	8.12%	(289,899)
Lease liabilities	1.90%-7.70%	(987,134)	1.90%-6.35%	(968,495)
<b>Subtotal</b>		<b>(22,814)</b>		<b>(203,482)</b>
<b>Variable rate instruments:</b>				
Cash at bank	0.20% - 1.60%	8,104,116	0.00% – 2.75%	5,910,171
Bank loans and overdrafts	2.00%-5.14%	(5,462,205)	2.60% – 7.90%	(4,963,803)
Interest-bearing borrowings	2.80%-7.00%	(18,246,553)	1.20% – 7.38%	(18,717,479)
Subtotal		<b>(15,604,642)</b>		<b>(17,771,111)</b>
<b>Total</b>		<b>(15,627,456)</b>		<b>(17,974,593)</b>

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Interest rate risk (Continued)

##### (ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB117,035,000 (2024: RMB133,283,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2024.

#### (d) Currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and long-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and doing hedging when necessary to address short-term imbalances.

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Currency risk (Continued)

##### (i) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows. The exposure arising from the secured bank loan that is designated as a hedge of the Group's net investment in its subsidiaries is excluded.

	Exposure to foreign currencies (expressed in RMB'000)				
	31 December 2025				
	Cash and cash equivalents RMB'000	Trade and other receivables RMB'000	Interest- bearing loans and borrowings RMB'000	Trade and other payables RMB'000	Net exposure RMB'000
- US Dollar (USD)	902,765	2,705,729	1,321,793	2,485,642	(198,941)
- Euro (EUR)	361,250	1,101,867	7,185	1,139,348	316,584
- New Lei (RON)	440,146	302,298	-	375,396	367,048
- Peso (MXN)	55,983	15,742	-	59,012	12,713
- Yen (JPY)	4,112	5,195	1,547,406	74,708	(1,612,807)
- Baht (THB)	-	5,899	-	4,098	1,801
- Pound (GBP)	7,701	-	-	2,783	4,918
- Won (KRW)	143	27,182	-	1	27,324
- Poland (PLN)	11,567	430	-	11,608	389
- Hungarian (HUF)	4,194	82	-	39,442	(35,166)
- Uruguay (UYU)	1,304	-	-	2,894	(1,590)
- Swedish (SEK)	206	-	-	42	164
- Switzerland (CHF)	-	-	-	2,376	(2,376)
- Czech (CZK)	124	-	-	676	(552)
- Hong Kong Dollar (HKD)	2,817,598	-	-	-	2,817,598

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### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Currency risk (Continued)

##### (i) Exposure to currency risk (Continued)

Exposure to foreign currencies (expressed in RMB'000)					
31 December 2024					
	Cash and cash equivalents RMB'000	Trade and other receivables RMB'000	Interest- bearing loans and borrowings RMB'000	Trade and other payables RMB'000	Net exposure RMB'000
- US Dollar (USD)	697,709	3,098,187	1,237,410	2,790,687	(232,201)
- Euro (EUR)	160,041	529,322	10,355	1,046,477	(367,469)
- New Lei (RON)	217,822	67,543	-	144,056	141,309
- Peso (MXN)	53,697	20,864	-	82,456	(7,895)
- Yen (JPY)	5,601	3,406	-	101,920	(92,913)
- Baht (THB)	-	5,895	-	6,119	(224)
- Pound (GBP)	3,692	11	-	2,863	840
- Won (KRW)	255	22,066	-	1	22,320
- Poland (PLN)	69,847	164	-	9,409	60,602
- Hungarian (HUF)	1,614	-	-	-	1,614
- Uruguay (UYU)	1,293	-	-	1,677	(384)
- Singapore (SGD)	43	-	-	-	43
- Swedish (SEK)	515	-	-	46	469
- Switzerland (CHF)	-	-	-	2,606	(2,606)
- Czech (CZK)	-	-	-	387	(387)

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For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Currency risk (Continued)

##### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the USD, EUR, RON, MXN, JPY, THB, GBP, KRW, RUB, PLN, HUF, UYU, ARS, HKD, SEK, CHF and CZK would be materially unaffected by any changes in movement in value of the RMB against other currencies.

	For the year ended 31 December 2025			
	Profit after taxation		Retained earnings	
	Strengthening RMB'000	Weakening RMB'000	Strengthening RMB'000	Weakening RMB'000
USD (5% movement)	(7,460)	7,460	(7,460)	7,460
EUR (5% movement)	11,872	(11,872)	11,872	(11,872)
RON (5% movement)	13,764	(13,764)	13,764	(13,764)
MXN (5% movement)	477	(477)	477	(477)
JPY (5% movement)	(60,480)	60,480	(60,480)	60,480
THB (5% movement)	68	(68)	68	(68)
GBP (5% movement)	184	(184)	184	(184)
KRW (5% movement)	1,025	(1,025)	1,025	(1,025)
PLN (5% movement)	15	(15)	15	(15)
HUF (5% movement)	(1,319)	1,319	(1,319)	1,319
UYU (5% movement)	(60)	60	(60)	60
SEK (5% movement)	6	(6)	6	(6)
CHF (5% movement)	(89)	89	(89)	89
CZK (5% movement)	(21)	21	(21)	21
HKD (5% movement)	105,660	(105,660)	105,660	(105,660)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (d) Currency risk (Continued)

##### (ii) Sensitivity analysis (Continued)

	For the year ended 31 December 2024			
	Profit after taxation		Retained earnings	
	Strengthening RMB'000	Weakening RMB'000	Strengthening RMB'000	Weakening RMB'000
USD (5% movement)	(8,708)	8,708	(8,708)	8,708
EUR (5% movement)	(13,780)	13,780	(13,780)	13,780
RON (5% movement)	5,299	(5,299)	5,299	(5,299)
MXN (5% movement)	(296)	296	(296)	296
JPY (5% movement)	(3,484)	3,484	(3,484)	3,484
THB (5% movement)	(8)	8	(8)	8
GBP (5% movement)	32	(32)	32	(32)
KRW (5% movement)	837	(837)	837	(837)
PLN (5% movement)	2,273	(2,273)	2,273	(2,273)
HUF (5% movement)	61	(61)	61	(61)
UYU (5% movement)	(14)	14	(14)	14
SGD (5% movement)	2	(2)	2	(2)
SEK (5% movement)	18	(18)	18	(18)
CHF (5% movement)	(98)	98	(98)	98
CZK (5% movement)	(15)	15	(15)	15

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (e) Fair value measurement

##### (i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

	Fair value at	Fair value measurements as			Fair value at	Fair value measurements as at		
	31 December	at 31 December 2025 categorised into			31 December	31 December 2024 categorised into		
	2025	Level 1	Level 2	Level 3	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Fair value measured on a recurring basis</b>								
Financial assets measured at FVPL (Note 17)								
- Listed equity securities	248,062	248,062	-	-	98,073	98,073	-	-
- Financial products	227,506	-	227,506	-	70,932	-	70,932	-
- Equity instruments	473,034	-	-	473,034	170,933	-	-	170,933
- Reinsurance of defined benefit plan	55,958	-	-	55,958	52,868	-	-	52,868
- Negotiable certificates of deposits	305,192	-	305,192	-	-	-	-	-
- Derivative financial instruments	3,150	-	3,150	-	90,435	-	90,435	-
Financial assets measured at FVOCI								
- Bills receivable	640,794	-	-	640,794	469,511	-	-	469,511
- Receivables to be factored	53,845	-	-	53,845	112,093	-	-	112,093
- Derivative financial instruments	27,044	-	27,044	-	-	-	-	-
	<b>2,034,585</b>	<b>248,062</b>	<b>562,892</b>	<b>1,223,631</b>	<b>1,064,845</b>	<b>98,073</b>	<b>161,367</b>	<b>805,405</b>
Derivative financial liabilities	11,509	-	11,509	-	16,146	-	16,146	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account current interest rates, the current creditworthiness and foreign exchange rate of the swap counterparties.

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The major inputs of the valuation model include expected rate of return and discount of lack of market liquidity.

The changes in Level 3 assets are analyzed below:

	Financial assets at FVOCI RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
<b>As at 1 January 2024</b>	304,464	213,590	518,054
Additions	581,604	7,500	589,104
Disposals/settlements	(304,464)	(255)	(304,719)
Changes in fair value recognized			
in other comprehensive income	–	–	–
Changes in fair value recognized			
in profit or loss	–	11,410	11,410
Currency translation differences	–	(8,444)	(8,444)
<b>As at 31 December 2024 and 1 January 2025</b>	581,604	223,801	805,405
Additions	<b>694,639</b>	<b>323,979</b>	<b>1,018,618</b>
Decreases	<b>(581,604)</b>	<b>(126,263)</b>	<b>(707,867)</b>
Changes in fair value recognized in other comprehensive income	–	–	–
Changes in fair value recognized in profit or loss	–	<b>109,100</b>	<b>109,100</b>
Currency translation differences	–	<b>(1,625)</b>	<b>(1,625)</b>
<b>As at 31 December 2025</b>	<b>694,639</b>	<b>528,992</b>	<b>1,223,631</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (e) Fair value measurement (Continued)

##### (i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of material financial assets and the sensitivity analysis of fair value to the inputs:

	Fair value		Valuation technique(s)	Significant Unobservable input(s)	Range of Inputs (probability weighted average)	Sensitivity of fair value to the input(s)
	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000				
<b>Financial assets at FVPL</b>						
- Unlisted equity instruments	473,034	170,933	Recent transaction price	N/A	N/A	N/A
<b>Financial assets at FVOCI</b>						
- Bills receivable	640,794	469,511	Discounted cash flow model	Lack of marketability discount	0%	N/A
- Receivables to be factored	53,845	112,093	Discounted cash flow model	Lack of marketability discount	0%	N/A

##### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2025 and 2024 because of the short-term maturities of all these financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 35 COMMITMENTS

Commitments outstanding at 31 December 2025 and 2024 not provided for in the financial statements were as follows:

	2025 RMB'000	2024 RMB'000
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	558,812	529,035

### 36 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Names and relationships of the related parties that had material transactions with the Group

For the years ended 31 December 2025 and 2024, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Joyson Holding Co., Ltd.	Parent company
Ningbo PIA Intelligent Manufacturing Co., Ltd.	Under common control of ultimate controlling party
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Hanling International Cultural & Art Exchange Center Co., Ltd.	Under common control of ultimate controlling party
Ningbo Junya Hotel Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Junyun Hotel Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Joyson Real Estate Development Co., Ltd.	Under common control of ultimate controlling party
Ningbo Puzhi Future Robotics Co., Ltd.	Under common control of ultimate controlling party
PIA Automation Amberg GmbH	Under common control of ultimate controlling party
PIA Automation Holding GmbH	Under common control of ultimate controlling party
PIA Automation Bad Neustadt GmbH	Under common control of ultimate controlling party
PIA Automation USA Inc.	Under common control of ultimate controlling party
PIAMEX AUTOMATION, S. de R.L. de C.V.	Under common control of ultimate controlling party
Joyson Europe Holding GmbH	Under common control of ultimate controlling party
Ningbo PIA Artificial Intelligence and Humanoid Robotics Research Institute Co., Ltd.	Under common control of ultimate controlling party
Shanghai PIA Medical Technology Co., Ltd.	Under common control of ultimate controlling party
Suzhou SME-CQ AUTOMOTIVE Safety TECHNOLOGY CO. Ltd.	Associates

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 36 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Names and relationships of the related parties that had material transactions with the Group (Continued)

Name of party	Relationship with the Group
Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	A joint venture of subsidiaries
AutoIO Technology Co., LTD	An associate of subsidiaries
Guangdong Senssun Weighing Apparatus Group Ltd.	Associates (before 18 December 2024)
Ningbo JoysonQuin Automotive Trim Co., Ltd.	A subsidiary of associates (before 18 December 2024)
Shanghai Joyson Benyuan Automotive Components Co., Ltd.	A subsidiary of associates (before 18 December 2024)
JoysonQuin Automotive Systems GmbH	A subsidiary of associates (before 18 December 2024)
JoysonQuin Automotive Systems Mexico S.A. de C.V.	A subsidiary of associates (before 18 December 2024)
JoysonQuin Automotive Systems Polska Sp. z o.o.	A subsidiary of associates (before 18 December 2024)
JoysonQuin Automotive Systems Romania S.R.L.	A subsidiary of associates (before 18 December 2024)
JoysonQuin Automotive Systems North America LLC	A subsidiary of associates (before 18 December 2024)
Ningbo JoysonQuin Intelligent Technology Co., Ltd.	A subsidiary of associates (before 18 December 2024)
Ningbo Joyson Automotive Trim Technology Co., Ltd.	A subsidiary of associates (before 18 December 2024)
Ningbo Joyson New Energy Automotive Technology Co., Ltd.	A subsidiary of associates (before 18 December 2024)
Ningbo Junyue Cloud New Energy Technology Co., Ltd.	An associate of subsidiaries (before 31 December 2025)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)

### 36 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) Names and relationships of the related parties that had material transactions with the Group (Continued)

Name of party	Relationship with the Group
Ningbo Hengdagao Electronics Co., Ltd.	Others
Zhongshan Camry Electronic Co., Ltd	Others
Zhu Xuesong	Vice-chairman
Cai Zhengxin	Director
Chen Wei	Director, Executive
Li Junyu	Director, Executive
Hua Muwen	Executive
Yu Zhaohui	Executive
Dai Shenjun	Supervisor (Resigned)
Liu Jinlin	Supervisor (Resigned)
Guo Feier	Supervisor (Resigned)
Wang Yude	Supervisor (Resigned)
Zhou Xingyou	Director

- (b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows.

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	32,513	37,309
Equity-settled share-based payment	2,876	6,288
	35,389	43,597

Total remuneration is included in "staff costs" (see Note 6(b)).

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(Expressed in Renminbi unless otherwise indicated)

### 36 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Related parties transactions

In addition to those related party transactions disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions for the years ended 31 December 2025:

	2025 RMB'000	2024 RMB'000
<b>Purchase of goods/receiving of services</b>	<b>492,922</b>	607,541
– Under common control of ultimate controlling party	<b>391,154</b>	396,221
– Associates	<b>101,440</b>	211,320
– An associate of subsidiaries	<b>328</b>	–
<b>Sale of goods/rendering of services</b>	<b>5,295</b>	26,957
– Under common control of ultimate controlling party	<b>4,923</b>	3,569
– Associates	–	21,661
– A joint venture of subsidiaries	<b>120</b>	1,727
– An associate of subsidiaries	<b>252</b>	–
<b>Leases</b>		
– The Group as the lessor:	<b>14,721</b>	14,140
– The Group as the lessee:	<b>15,059</b>	–
<b>Guarantee (Note (i))</b>		
– The Company as the guarantee holder	<b>5,016,400</b>	3,696,100
– The Company as the guarantor holder	<b>8,861,770</b>	10,083,390

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 36 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Balance with related parties

As at 31 December 2025, the Group had the following balances with related parties:

	2025 RMB'000	2024 RMB'000
<b>Trade in nature</b>		
Trade receivables	9,925	15,230
Prepayments	79,590	49,595
Trade payables	222,322	295,259
<b>Non-trade in nature</b>		
Other receivables	—	—
Other payables (Note (ii))	10,000	10,000

Notes:

- (i) The management have no current plan to release all the outstanding guarantees provided by Joyson Group prior to the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited as the Directors believe that the early discharge of the guarantees is not in the best interests of the Group and its shareholders as a whole.
- (ii) The management do not plan to fully settle all amounts due to related parties that are non-trade in nature prior to the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

### 37 BUSINESS COMBINATIONS

In December 2025, Joyson Quin, the subsidiary of the Company through its subsidiary Ningbo JOYSONQUIN Intelligent Technology Co., Ltd. (寧波均勝群英智能技術有限公司) (hereinafter referred to as “JoysonQuin Intelligent Technology”) entered into a share transfer agreement with the controlling shareholder of Ningbo Junyue Cloud New Energy Technology Co., Ltd. (寧波均悅雲新能源科技有限公司) (hereinafter referred to as “Junyue Cloud”) to acquire 51% shares of it. Junyue Cloud was an associate of the Group which the Group held 49% interest before this transaction and became a 100% wholly owned subsidiary of the Group after completion of the share purchase transaction.

Total acquisition price for 51% shares of Junyue Cloud was RMB8,254,000 and the fair value of previously held 49% shares of Junyue Cloud as at the acquisition date was RMB7,931,000. And the aggregated fair value of the net assets acquired were RMB16,185,000 at the acquisition date.

From the date of the acquisition to 31 December 2025, Junyue Cloud contributed revenue of RMB nil and net profit of RMB nil, respectively. If the acquisition had occurred on 1 January 2025, management estimates that there would be no significant difference on consolidated revenue and consolidated profit for the current year. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would not have materially varied if the acquisition had occurred on 1 January 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 38 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 15 January 2025, the Board of Directors of the Company passed a proposal to increase the capital of Joyson Auto Safety Holdings S.A (hereinafter referred to as "JASH"), by about USD195 million in the form of converting debt to shares. The transaction was completed on 16 January 2025, and the Group's effective interest of JASH increased from 56.50% to 59.46%. The Group recognized a decrease in other reserves of RMB260,679,000 and an increase in non-controlling interests of RMB260,679,000.

After obtaining control over Senssun in December 2024, the Company has further acquired 7,584,600 shares of Senssun during the year ended 31 December 2025 from the secondary market, representing 5.7426% of its total issued share capital. Upon completion of these transactions, the Company recognized decreases in other reserves of RMB161,538,000 and decreases in non-controlling interests of RMB99,669,000.

Senssun, a subsidiary of the Company, repurchased 2,465,600 shares through centralized bidding during the year ended 31 December 2025, accounting for 1.87% of its total share capital. After the transaction was completed, the Company adjusted the other reserve in the consolidated statement of financial position by RMB13,974,000 based on the impact of the transaction on the Company's ownership interest in Senssun Shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Renminbi unless otherwise indicated)

### 39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	<i>Note</i>	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>624,057</b>	641,232
Right-of-use assets		–	120
Intangible assets		<b>178,181</b>	183,550
Investments in subsidiaries		<b>15,892,409</b>	14,185,197
Trade and other receivables		–	–
Other financial assets		<b>305,192</b>	–
Deferred tax assets		–	21,636
		<b>16,999,839</b>	15,031,735
<b>Current assets</b>			
Trade and other receivables		<b>3,731,031</b>	4,189,377
Prepayments and other assets		<b>18,125</b>	19,730
Other financial assets		<b>149,759</b>	146,832
Cash and cash equivalents		<b>3,201,438</b>	1,610,050
		<b>7,100,353</b>	5,965,989
<b>Current liabilities</b>			
Loans and borrowings		<b>4,108,909</b>	2,516,595
Trade and other payables		<b>274,533</b>	275,489
		<b>4,383,442</b>	2,792,084
<b>Net current assets</b>		<b>2,716,911</b>	3,173,905
<b>Total assets less current liabilities</b>		<b>19,716,750</b>	18,205,640
<b>Non-current liabilities</b>			
Loans and borrowings		<b>3,265,699</b>	4,359,521
Deferred tax liabilities		<b>18,764</b>	–
		<b>3,284,463</b>	4,359,521
<b>Net assets</b>		<b>16,432,287</b>	13,846,119

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Expressed in Renminbi unless otherwise indicated)

### 39 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in Renminbi)

	Note	31 December 2025 RMB'000	31 December 2024 RMB'000
<b>Capital and reserves</b>	33(a)		
Share capital		1,550,771	1,408,702
Reserves		14,881,516	12,437,417
<b>Total equity</b>		<b>16,432,287</b>	13,846,119

### 40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, <i>Financial instruments and IFRS 7, Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments and IFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

*(Expressed in Renminbi unless otherwise indicated)*

### 40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

#### IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

### 41 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 23 March 2026, the 41st meeting of the 11th Board of Directors of the Company considered and approved the proposal regarding the repurchase of the Company's issued H shares. The repurchased shares will be used for cancellation to reduce the share capital or held as treasury shares. The total number of shares to be repurchased shall not exceed 10% of the Company's issued H shares (excluding treasury shares) on the date of the resolution of the General Meeting. The repurchase price will be determined by the representative authorized by the Company's Board of Directors within the term of this repurchase authorization, taking into account the secondary market price of the Company's H shares. The repurchase will be funded by the Company's own funds or self-raised funds. This proposal is subject to approval by the General Meeting.

# FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out below:

## RESULTS

	For the year ended December 31,			
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)
Revenue	<b>61,182,689</b>	55,863,577	55,728,476	49,793,352
Gross profit	<b>11,196,071</b>	9,063,729	8,056,940	5,541,985
Net profit	<b>1,615,546</b>	1,326,282	1,240,092	233,261
Profit attributable to owner of the parent company	<b>1,335,820</b>	960,470	1,083,191	394,184

## ASSETS AND LIABILITIES

	For the year ended December 31,			
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)
Total non-current assets	<b>36,552,332</b>	34,077,333	30,524,463	29,136,207
Total current assets	<b>32,602,205</b>	30,088,535	26,362,385	24,975,887
Total current liabilities	<b>33,341,333</b>	25,739,829	22,630,608	20,875,214
Total non-current liabilities	<b>11,786,343</b>	18,580,496	15,129,868	15,533,202
Total equity	<b>24,026,861</b>	19,845,543	19,126,372	17,703,678

Note: The Company was only listed on the Stock Exchange on November 6, 2025, no financial information prepared in accordance with IFRS for the year ended December 31, 2021 has been published.

# DEFINITIONS

In this report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

“5G”	the fifth-generation mobile network, a new global wireless standard after 1G, 2G, 3G, and 4G networks
“5G-V2X”	vehicle-to-everything technology based on the fifth-generation mobile communication technology
“5GA”	5G Advanced (5GA), an enhanced standard in the 5G evolution stage, significantly improving in aspects such as bandwidth, latency, positioning, and AI-native networks
“A Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shanghai Stock Exchange and are traded in Renminbi
“Articles of Association”	the articles of association of Ningbo Joyson Electronic Corp.
“A-SPICE”	A software development process assessment standard widely adopted in the automotive industry
“ASIL” and “ASIL-D”	Automotive Safety Integrity Level, comprising four classes (A, B, C and D), whereby higher levels correspond to increasingly stringent functional safety requirements
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the Audit Committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“CAAM”	China Association of Automobile Manufacturers
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
“China” or “PRC”	the People’s Republic of China

## DEFINITIONS

“Company”, “our Company”, or “Joyson Electronics”	Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司), a joint stock company incorporated in the PRC with limited liability under the relevant PRC laws and regulations on August 7, 1992, the A Shares of which have been listed on the Shanghai Stock Exchange (stock code: 600699) and the H Shares of which have been listed on the Hong Kong Stock Exchange (stock code: 00699), formerly known as Liaoyuan Deheng Company Limited (遼源得亨股份有限公司) and Liaoyuan Joyson Electronics Co., Ltd. (遼源均勝電子股份有限公司)
“Director(s)”	director(s) of the Company
“eVTOL”	electric vertical take-off and landing vehicles
“Global Data”	a leading provider of data and insights in the automotive sector
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	overseas listed shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed and traded on the Hong Kong Stock Exchange
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“In-vehicle optical communication”	core components achieving high-speed, anti-interference data transmission inside vehicles, supporting high-bandwidth applications such as intelligent cockpits and autonomous driving
“Intelligent Connected Network System”	a technical system deeply integrating artificial intelligence and communication networks
“Joyson Group”	Joyson Holding Co., Ltd. (均勝集團有限公司) (formerly known as Ningbo Joyson Investment Group Co., Ltd. (寧波均勝投資集團有限公司)), a limited liability company established in the PRC on September 4, 2001, and one of the controlling shareholders of the Company

## DEFINITIONS

“Joyson Safety”	certain subsidiaries of the Company’s Automotive Safety Business Unit
“L2”, “L3”, “L4”	different levels of autonomous driving technology from assisted driving status to fully autonomous driving status
“Listing Date”	the date on which the H Shares are listed and from which dealings therein are first permitted to take place on the Stock Exchange, i.e., Thursday, November 6, 2025
“Listing”	listing of the H Shares on the Main Board
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
“Momenta”	an enterprise providing autonomous driving algorithm solutions at different levels
“NOA”	the function of automatic assisted driving based on navigation paths in highway or expressway scenarios
“Nomination, Remuneration and Appraisal Committee”	the nomination, remuneration and appraisal committee of the Company
“OEM(s)”	automotive original equipment manufacturers (automotive manufacturer(s)), company(ies) that design, develop, and manufacture vehicles, and market their vehicles directly to customers
“OTA”	over-the-air remote updating and upgrading of software for vehicles or devices
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PIA Automation”	Ningbo PIA Automation Holding Corp. (寧波均普智能製造股份有限公司), a company established in the PRC and controlled by Joyson Group, the shares of which are listed on the Shanghai Stock Exchange (stock code: 688306.SH)
“prospectus” or “Prospectus”	the prospectus issued by the Company on October 28, 2025
“Reporting Period”	January 1, 2025 to December 31, 2025

## DEFINITIONS

“Rho Motion”	a data and research institution focusing on the electric vehicle and energy transition sectors
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Robotaxi”	driverless taxi services realized through autonomous driving technology
“Senssun”	Guangdong Senssun Weighing Apparatus Group Ltd. (廣東香山衡器集團股份有限公司), a subsidiary of the Company, listed on the Shenzhen Stock Exchange, stock code: 002870
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary shares in the capital of the Company
“Shareholders(s)”	holder(s) of the Share(s)
“Strategy and ESG Committee”	the strategy and ESG committee of our Company
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Companies Ordinance
“Supervisory Committee”	the supervisory committee of the Company
“Tier1”	suppliers that provide products directly to robotics companies
“V2G”	Vehicle-to-Grid, conducting bidirectional energy and information interaction between vehicles and the power grid
“V2X”	Vehicle-to-Everything, referring to the communication between a vehicle and the outside world (such as vehicles, infrastructure, pedestrians, networks, etc.)
“%”	per cent

### Notes:

1. Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments.
2. In the event of any discrepancy between the Chinese and English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain subsidiaries of the Company), the Chinese version shall prevail. English translations of company names and other terms from the Chinese language are marked with “\*” and are provided for identification purposes only.



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更智能 更安全 更环保

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