



廣東晶科電子股份有限公司

APT Electronics Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 2551.HK

# ANNUAL REPORT | 2025



Providing intelligent vision products and system solutions integrating “LED+” technologies.

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. XIAO Guowei David<sup>1</sup>  
*(Chairperson and chief strategic officer)*  
Mr. HOU Yu<sup>1</sup> *(President)*

### Non-executive Directors

Mr. CHAN Philip Ching Ho<sup>1</sup>  
Mr. YUAN Lie Ming Peter<sup>1</sup>  
Mr. HUANG Guansheng<sup>1</sup>  
Mr. WU Nan-Yang<sup>2</sup>  
Mr. ZHENG Xin<sup>2</sup>

### Independent Non-executive Directors

Ms. ZHANG He<sup>1</sup>  
Ms. LIN Nan<sup>1</sup>  
Ms. DING Hui<sup>1</sup>  
Mr. CHAN Chi Kong<sup>1</sup>

## SUPERVISORS

Mr. LI Wenhong<sup>1</sup> *(Chairperson)*  
Ms. LUO Xiaoyun<sup>1</sup>  
Mr. OU Weineng<sup>3</sup>

## STRATEGY COMMITTEE

Mr. XIAO Guowei David *(Chairperson)*  
Mr. HOU Yu  
Mr. CHAN Philip Ching Ho  
Mr. YUAN Lie Ming Peter  
Mr. WU Nan-Yang<sup>2</sup>  
Ms. LIN Nan

## AUDIT COMMITTEE

Ms. ZHANG He *(Chairperson)*  
Ms. LIN Nan  
Mr. CHAN Chi Kong

## REMUNERATION AND APPRAISAL COMMITTEE

Ms. LIN Nan *(Chairperson)*  
Mr. XIAO Guowei David  
Ms. DING Hui

## NOMINATION COMMITTEE

Ms. DING Hui *(Chairperson)*  
Mr. XIAO Guowei David  
Ms. ZHANG He

## JOINT COMPANY SECRETARIES

Mr. ZHENG Longfeng  
Mr. CHUNG Ming Fai

## AUTHORIZED REPRESENTATIVES

Mr. XIAO Guowei David  
Mr. ZHENG Longfeng

## ALTERNATE TO THE AUTHORIZED REPRESENTATIVES

Mr. CHUNG Ming Fai

## AUDITOR

### Ernst & Young

*Certified Public Accountants*  
*Registered Public Interest Entity Auditor under the*  
*Accounting and Financial Reporting Council Ordinance*  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

### Notes:

1. Each of the aforementioned Directors and non-employee representative supervisors was elected at the 2024 annual general meeting held on May 29, 2025 as Directors of the fourth session of the Board of Directors and Supervisors of the Supervisory Committee with the date effective.
2. Mr. WU Nan-Yang and Mr. ZHENG Xin retired and no longer served as Directors at the 2024 annual general meeting held on May 29, 2025, and Mr. WU Nan-Yang has also ceased to serve as a member of the Strategy Committee.
3. Mr. OU Weineng was re-elected as an employee representative supervisor of the fourth session of the Supervisory Committee at the employee representatives meeting held on April 24, 2025.

## COMPLIANCE ADVISOR

### Maxa Capital Limited

Unit 2602, 26/F, Golden Centre  
188 Des Voeux Road Central  
Sheung Wan  
Hong Kong

## LEGAL ADVISORS

*AS TO HONG KONG LAW:*

### Clifford Chance

27/F, Jardine House  
One Connaught Place  
Central  
Hong Kong

*AS TO PRC LAW:*

### AllBright Law Offices

9, 11/F–12/F, Shanghai Tower  
No. 501 Yincheng Middle Road  
Pudong New Area  
Shanghai, PRC

## REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 33, Huanshi Road South  
Nansha District, Guangzhou  
Guangdong Province, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong Science Park  
Pak Shek Kok  
New Territories  
Hong Kong

## H SHARE REGISTRAR

### Computershare Hong Kong Investor Services Limited

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

## COMPANY WEBSITE

[www.appt-hk.com](http://www.appt-hk.com)

## STOCK CODE

2551

## LISTING DATE

November 8, 2024

## PRINCIPAL BANKS

### Bank of China Nansha Jinzhou Branch

First Floor, 93 Jinling North Road  
Nansha District, Guangzhou  
Guangdong Province  
PRC

### China Merchants Bank Nansha Branch

5/F, Nanshacheng  
8 Jingang Avenue  
Nansha District, Guangzhou  
Guangdong Province  
PRC

### Bank of Communications Ninghai Branch

Building 2, Financial Center  
1 Xuemian Road  
Ninghai County, Ningbo  
Zhejiang Province  
PRC

# KEY EVENTS AND HONORS FOR THE YEAR



February 2025	<ul style="list-style-type: none"> <li>Headquarter base of Lynway Vision in the Greater Bay Area Project was launched</li> </ul>
March 2025	<ul style="list-style-type: none"> <li>APT Electronics participated in the formulation of the “Technical Specification for Classroom Lighting in Primary and Secondary Schools” which was recognised as a “Greater Bay Area Standard”</li> <li>Awarded the “2025 ALE – Outstanding Supplier in the Automotive Lighting Industry”</li> <li>Awarded the “SEMI Sustainable Development Outstanding Contribution Award”</li> </ul>
June 2025	<ul style="list-style-type: none"> <li>Awarded the “Top Ten Outstanding Enterprises in Biological Lighting Components”</li> </ul>
July 2025	<ul style="list-style-type: none"> <li>Awarded the “ESG Information Disclosure Excellence Enterprise”</li> </ul>
October 2025	<ul style="list-style-type: none"> <li>Linux and the leading enterprise in the field of TV signed a joint technical cooperation project for the research and industrialisation of RGB Mini LED multi-primary colour module system technology solutions</li> <li>Awarded the Hisense Group “Excellent Supplier Award”</li> </ul>
November 2025	<ul style="list-style-type: none"> <li>Awarded the National “Little Giant” Enterprise, a designation for specialised, refined, and innovative companies</li> <li>Awarded the “Science and Technology Innovation Golden Bull Award”</li> </ul>
December 2025	<ul style="list-style-type: none"> <li>Awarded the “Second Prize of 4th Zhejiang Lighting Award Innovation Product Award”</li> <li>Awarded the “Business Awards 2025 – Globalisation Award Winner”</li> <li>Awarded the “Most Valuable Industrial Manufacturing Company”</li> </ul>

## Chairperson's Statement

Dear Shareholders,

On behalf of the Board of Directors of APT Electronics Co., Ltd., I am pleased to present to you the annual report of the Group for the year ended December 31, 2025. At the same time, I would like to express my sincere gratitude to our shareholders and partners for their long-term support of the Company's development, and to all our employees for their dedicated efforts!

The year of 2025 was a year filled with both challenges and opportunities for APT Electronics. Amidst continued global economic volatility, China's automotive industry has entered a period of adjustment driven by the new energy transition and globalized competition. Price wars were transmitted along the supply chain, placing temporary pressure on the automotive lamp industry. Meanwhile, the advanced display and high-end lighting sectors embraced structural development opportunities fueled by technological iteration and escalating demand. As a leading provider of intelligent vision products and system solutions integrating "LED+" technologies in China, APT Electronics adhered to its original innovation commitment. Anchored in its three core businesses—intelligent automotive vision, high-end lighting, and advanced display, the Company leveraged its advantages in full industry chain vertical integration to navigate industry cycles and solidify its development foundation through structural optimization.

In 2025, the Group achieved a revenue of RMB2,431 million, representing a year-on-year decrease of 6%; the net profit was RMB62 million, representing a year-on-year decrease of 41%; the proportions of the three core businesses—intelligent automotive vision products, advanced display products, and high-end lighting products were 41%, 32%, and 27% respectively. The declines in operating revenue and net profit were mainly attributable to the decrease in the average selling price of lamp sales due to intense competition in the automotive industry, as well as the increase in relevant expenses incurred by the Group for the investment and construction of the headquarters and research and development base of Lynway Vision (Guangzhou) in the Greater Bay Area.

Amidst an industry transformation, we have consistently maintained strategic focus, promoting stable and sustainable business development. In the intelligent automotive vision segment, despite the impact of declining prices of automotive lamps, the automotive-grade device and module business achieved substantial order growth driven by our technological advantages, becoming a key growth engine. The headquarters and research and development base of Lynway Vision (Guangzhou) in the Greater Bay Area are under steady construction, solidifying the foundation for capturing the high-end intelligent vehicle market. The advanced display business achieved steady growth by capitalizing on market momentum, with production capacity from the Mini LED project continuing to ramp up. The mass production yield rate for RGB Mini LED processes remained among the highest in the industry. Joint R&D projects with the leading enterprise in the field of TV progressed steadily, and our technology layout continued to deepen. The high-end lighting business adhered to its high-value-added segment, with horticultural lighting products maintaining internationally leading photoelectric conversion efficiency, serving as a bedrock of operational stability for the Group. Throughout the year, the Company's R&D capabilities continuously improved, accumulating a total of 453 authorized patents globally, including 139 invention patents. The core competitiveness of the "LED+" technology system was continuously strengthened.

Behind these industry transformations lie even greater development opportunities. The globalization of China's new energy vehicles has entered a new phase of brand and ecosystem expansion, with LED intelligent automotive lamps becoming a core standard feature in globalized supporting systems. The penetration rate of Mini LED continues to rise, the commercialization of Micro LED in the AR+AI field is accelerating, and the prospects for the advanced display industry are broad. The concept of green and low-carbon development is driving high-end lighting towards deeper intelligent and scenario-based evolution. APT Electronics' full industry chain integration of "LED devices-modules-systems" is highly aligned with these industry development trends. The deepening of domestic substitution further presents us with a new opportunity to leap from a local leader to a global competitor.

## Chairperson's Statement

Looking ahead, APT Electronics will continue to uphold its corporate mission of “driving green and sustainable development with technological innovation and creating a better and more intelligent lifestyle with ‘LED+’ technologies,” adhering to the development philosophy of innovation-driven, high-end manufacturing. We will deeply cultivate the intelligent automotive vision sector, accelerate the construction of the Greater Bay Area headquarters base, focus on core products such as ADB matrix headlights, intelligent interactive tail lights and headlights with ten-thousand-level pixel high definition (HD) capacity based on Micro LED, and promote the global expansion of automotive-grade devices and modules. We will increase investment in advanced display technology R&D, consolidate our production capacity advantage in Mini LED, enhance the production capacity of RGB Mini LED and accelerate the industrial deployment of Micro LED. We will consolidate our global competitiveness in high-end lighting, continuously raising the technological barriers in horticultural lighting and special lighting. Simultaneously, we will deepen the “technology + industry + capital” trinity development model, promote the deep application of AI across the entire industry chain, and further strategically position ourselves within the third-generation semiconductor industry cluster through investments. This aims to provide core support for business expansion into key application scenarios such as new energy vehicles, advanced displays, photovoltaics, energy storage and AI data centers, thereby enriching the Group’s product portfolio, facilitating collaborative customer development, and fostering an ecosystem clustering effect across the upstream and downstream industry chains to continuously enhance core competitiveness.

The original promise of “going together with the IC for a colorful future” remains unchanged. APT Electronics is fully committed to its third strategic transformation, with Artificial Intelligence as the new core variable for the next industrial cycle, accelerating the crucial leap from “solution construction” to “intelligent system integration,” and continuously solidifying the “technological ecosystem” and “industrial synergy” competitive barriers. With technological innovation as our sail and industrial synergy as our oar, APT Electronics will continue to create long-term value for shareholders, build growth platforms for employees, and contribute to industrial upgrading. We firmly believe that short-term industry volatility cannot stop the long-term trend of technological upgrading and industrial development. APT Electronics will undoubtedly continue to make breakthroughs in the golden track of intelligent vision, striving to become an industry-leading global high-tech enterprise specializing in intelligent vision products and system solutions!

We hereby express our sincere gratitude!

### **APT Electronics Co., Ltd.**

*Chairperson of the Board of Directors: XIAO Guowei David*

Nansha, Guangzhou, China

March 25, 2026

# Management Discussion and Analysis

## BUSINESS REVIEW

### 1. The Industry where the Company Operates

The Group is a leading enterprise in China providing intelligent vision products and system solutions integrating “LED+” technologies, and our business encompasses intelligent automotive vision, high-end lighting and advanced display. Leveraging profound industry insights and continuous technological innovation, we deeply integrate LED technologies with integrated circuits (ICs), electronic control, software, sensors, optics and other technologies to form our core “LED+” technology system. Meanwhile, we have built a full industry chain vertical integration advantage spanning from core devices to intelligent modules and further to comprehensive system solutions. We transcend the multidimensional boundaries of light, electricity, computing and sensing, achieving a systematic expansion from traditional light sources to intelligent vision. Our green, energy-efficient and rapidly evolving “LED+” technologies continue to empower our intelligent vision products and system solutions, enabling the Group to achieve long-term development in high-value and high-growth markets.

#### ***Intelligent Automotive Vision Market***

In 2025, driven by the dual forces of new energy transformation and globalized competition, China’s automotive industry reached a new record in total volume while simultaneously entering a period of deep structural adjustment. According to data released by the China Association of Automobile Manufacturers, in 2025, China’s automobile production and sales reached 34.53 million units and 34.40 million units, respectively, representing year-on-year increases of 10% and 9%; among which, the production and sales of new energy vehicles reached 16.63 million units and 16.49 million units, respectively, representing year-on-year increases of 29% and 28%. Sales of new energy vehicles reached 48% of the total sales of new automobiles. Intelligence has become the core themes of industry development. Meanwhile, 2025 witnessed the globalization of China’s new energy vehicles entering an explosive phase, with new energy vehicle exports reaching 2.62 million units, a year-on-year increase of 104%. Chinese automakers have comprehensively upgraded from “product globalization” to “brand globalization and ecosystem globalization”. As a core carrier of intelligent driving assistance, human-vehicle interaction, and brand identity, LED intelligent automotive lamps have become a core standard configuration for China’s exported vehicle models.

Throughout the year, the industry presented a complex situation of high growth coupled with intense internal competition. Local brands achieved rapid market share expansion by leveraging their advantages in intelligence. Price competition, led by leading automakers, persisted throughout the year, characterized by significant price reductions covering a wide range of models. This price pressure was transmitted upstream along the supply chain, impacting core component areas such as powertrain systems, automotive lamps, and electric motors. Manufacturers generally faced periodic downward pressure on product selling prices. Concurrently, the Ministry of Industry and Information Technology and seven other departments jointly issued the Work Plan for Stable Growth of the Automotive Industry (2025–2026). Through policy intervention and industry guidance, it promotes supply chain payment term reform, accelerates the elimination of inefficient production capacity, and facilitates industry consolidation. Consequently, China’s automotive industry is expected to achieve high-quality development in both volume and profit in the new energy and intelligent sectors.

## Management Discussion and Analysis

Leveraging their energy efficiency, long lifespan, and features such as Adaptive Driving Beam (ADB), LED intelligent automotive lamps meet the development needs of intelligent vehicles, with their penetration rate rapidly increasing year by year. With continuous technological advancements, the cost of LED intelligent automotive lamps is gradually decreasing while performance constantly improves, further promoting market adoption and driving the increased penetration of high-value-added products. Continuous rear lamp and interactive projection lamps have gained wider application. Simultaneously, with the further deepening of the domestic substitution process, full competition among domestic manufacturers has broken the technological monopoly and price barriers previously held by overseas giants, driving the continuous decline in the cost of core components and systems for intelligent automotive lamps. This has laid the supply chain foundation for the global expansion of domestic new energy vehicle enterprises. Domestic LED intelligent vision enterprises that have completed domestic substitution validation are expected to advance towards “global substitution” in the future, opening up broader long-term development space.

Driven by both policy and market forces, and with the continuously increasing intelligence level of automobiles, LED intelligent automotive lamps are evolving from simple lighting components into core carriers integrating perception, decision-making, and interaction. They play an increasingly important role in enhancing driving safety and improving user experience. Although industry price wars put periodic pressure on profitability, technological-leading companies will further enhance their competitiveness through strategies such as cost reduction via vertical integration and continuous technological iteration and upgrading.

### ***High-End Lighting and Advanced Display Market***

With the continuous enhancements in LED chip technologies, packaging structures and advanced materials, the performance of high-end lighting and LCD TV backlight display devices has significantly improved with respect to color performance, reliability and light efficiency, among others. This provides more development opportunities and application scenarios for high-end lighting and LCD TV backlight displays, resulting in a notable increase in demand for high-end LED devices and modules. Compared to traditional lighting technologies, the energy efficiency advantages of LED technologies are more closely aligned with global green and low-carbon development trends and environmental protection policy requirements. Government policies and regulations promoting energy conservation and ecological environmental protection, coupled with increasing societal environmental protection awareness, have jointly driven the wide adoption of high-performance, high Color Rendering Index (CRI) LED devices and modules. Meanwhile, the rapid development and expansion of downstream application scenarios such as indoor and outdoor lighting, horticultural lighting, intelligent lighting, special lighting, backlight display, and commercial display have surged the demand for diverse and customized lighting and display systems. LED technology, leveraging its advantages of high luminous efficacy and long lifespan, has become the mainstream technology in the high-end lighting and LCD TV backlight display industries.

During the Reporting Period, growth in the high-end lighting market was primarily driven by LED replacement demand in retrofit project within the existing market, as well as upgrading demand of the market for products with high light quality, healthy and comfortable lighting, and intelligent lighting. LED horticultural lighting is expected to usher in a new growth cycle, propelled by the rapid development of vertical farming and smart agriculture.

## Management Discussion and Analysis

In terms of market demand for advanced displays, consumers' requirements for color saturation, authenticity, contrast ratio and slimness of LCD TVs continue to rise, driving the rapid development of the new-generation RGB Mini LED backlight technology, and with the explosion in demand from emerging scenarios such as automotive displays, AR/VR near-eye displays, and commercial displays, display technologies are driven towards high image quality, low power consumption, and integration. Mini LED and Micro LED have become the core technological threads for upgrading the advanced display industry, creating definitive development opportunities for enterprises possessing core technology R&D and mass production capabilities. Notably, Micro LED technology, as the core direction for next-generation display technology, utilizes micron-scale self-emissive LED pixel units to achieve pixel-level independent light control. As the third-generation display technology succeeding LCD and OLED, Micro LED technology has the industry-disruptive core advantages and is highly aligned with the Company's "LED+" technology system. According to data from authoritative institutions, the global Micro LED display market grew substantially by 150% year-on-year in 2025, with the commercialization process significantly accelerating. AR glasses, as the largest application segment, accounted for 58% of the full-year sales.

### II. Business Review

In 2025, the global economic environment exhibited characteristics of high volatility and uncertainty. Uncertainties in tariff and trade policies triggered a restructuring of global supply chains, intensifying competition among manufacturing enterprises. China's economy demonstrated strong resilience in its development; however, economic recovery still faced structural challenges. Coupled with the supply chain pressure transmitted from the year-long price war in the automotive industry, the Company's operations and development encountered periodic challenges.

During the Reporting Period, the Group achieved revenue of RMB2.43 billion, representing a year-on-year decrease of 6%; and achieved net profit of RMB62 million, representing a year-on-year decrease of 41%. During the Reporting Period, the decrease in the Group's net profit was mainly attributable to the decrease in profit from the intelligent automotive complete lamp business segment, specifically because: (i) intensified competition in the automotive industry in 2025 led to a periodic decline in the unit price of lamp sales; and (ii) in order to expand the Group's future business development and actively implement its strategic layout, the investment in the construction of the headquarters and research and development base of Lynway Vision (Guangzhou) in the Greater Bay Area resulted in an increase in related expenses. It is important to note that, although the above-mentioned investments resulted in a phased increase of cost expenditures during the Reporting Period, they will help enhance the Group's technological strength, mass production capabilities, and order acquisition capabilities, laying a solid foundation for the Group's long-term sustainable development.

The Group's principal businesses comprise three segments, intelligent automotive vision, advanced display, and high-end lighting. This diversified business layout has formed a relatively strong market risk resilience, the orders for automotive-grade device products achieved a significant year-on-year increase of 233%, demonstrating strong product competitiveness and growth potential. Meanwhile, in the second half of 2025, with the further increase in orders for products such as automotive-grade devices, horticultural lighting, and Mini LED backlights, the Company's profitability gradually improved, which fully demonstrates the resilience of the Group's profitability.

# Management Discussion and Analysis

## ***Intelligent Automotive Vision Products Segment***

The Group has achieved a strategic vertical integration layout across the entire industry chain of “devices-modules-systems” for intelligent automotive lamps. Addressing the cutting-edge demands of autonomous driving and intelligent vehicles, we provide cost-effective, one-stop solutions for LED automotive vision products, including intelligent automotive lamp systems and automotive-grade LED devices and modules. In terms of technology and product research and development: in the field of automotive-grade devices, during the Reporting Period, the Group focused on developing a series of industry-leading products including LED devices for autonomous driving (ADS) indicator with different power ratings and light color schemes, LED devices for interactive front and rear lighting applications with different colors and packaging sizes, new generation of LED devices for both high and low beams with high-power, high-brightness and high-reliability, and LED devices for automotive backlight applications. The newly developed products meet the advanced requirements of intelligent automobiles for automotive-grade applications, featuring high brightness, high reliability and unique light colors. In the field of automotive modules, the Group focused on developing front lighting drive module (LDM) products, headlamp lens module products (including ADB lens modules) in various sizes, intelligent interaction signal display (ISD) module products with different pixels and color combinations, and automotive backlight modules with different zoning and driving solutions. In the field of intelligent automotive vision systems, the Group focused on developing system products such as rear combination lamps with intelligent interaction signal display (ISD) functions and cost-effective front combination lamps, achieving full-chain coverage from core devices to system solutions.

During the Reporting Period, revenue from the intelligent automotive vision business amounted to RMB0.99 billion, representing a year-on-year decrease of 3%. Among this, revenue from automotive-grade LED devices and modules accounted for 35% of the total revenue from the intelligent automotive vision business, with an amount increasing by 206% year-on-year. Benefiting from advanced technologies, the Company’s automotive-grade devices and modules meet the stringent standards for automotive-grade applications, fully demonstrate competitiveness in the market, gain recognition from customers, and have achieved substantial growth in sales. Subsequently, with the further expansion and nomination of new customers and new projects, the market share of the automotive-grade device and module business will be further enhanced. On February 7, 2025, the Group commenced construction on its key project, the headquarters and research and development base of Lynway Vision (Guangzhou) in the Greater Bay Area. This project is a benchmark project for the commencement of major projects in Guangzhou in the first quarter of 2025. It focuses on the R&D and production of intelligent automotive vision systems, with core products covering intelligent ADB matrix adaptive headlights, intelligent dynamic interactive tail lights, and drive modules (ECUs). This will further consolidate the Company’s technological leadership and market competitiveness in this field.

# Management Discussion and Analysis

## ***Advanced Display Segment***

The Group's advanced display device and module products are primarily used in areas such as mid-to-high-end televisions for brand customers and automotive displays. During the Reporting Period, the Group achieved sales revenue of RMB0.77 billion from its advanced display products, representing a year-on-year decrease of 4%.

During the Reporting Period, the Group continued to increase its R&D investment in Mini LED and Micro LED technologies and products, particularly focusing on the application of related technological products in advanced displays within the field of Artificial Intelligence (AI). In terms of production capacity construction, the Group further expanded its investment by building multiple industry-leading Mini LED backlight production lines. Simultaneously, the new generation RGB Mini COB process has achieved mass production, which can fully meet the stringent requirements of high-end televisions regarding color consistency and brightness performance. Regarding industrial cooperation, the Group's subsidiary, Linlux, signed a joint technical cooperation project with the leading enterprises in the field of TV on the research and industrialization of RGB Mini LED multi-primary color module system technology. The two parties are engaged in joint R&D focusing on the core technologies for next-generation high-color-gamut displays, specifically targeting the RGB Mini LED multi-primary color light source structure, precise color value control algorithms, and efficient driving systems. Together, they aim to create precise color control display module solutions that integrate high brightness, high contrast, and high color purity.

## ***High-End Lighting Segment***

During the Reporting Period, the Group's high-end lighting business encountered a phased correction, achieving annual sales revenue of RMB0.66 billion. The Group focused on developing and selling high-value-added products characterized by high light quality, high luminous efficacy, and special spectra. Among these, orders of outdoor high-power and high luminous efficacy products have achieved significant growth; the photoelectric conversion efficiency of our horticultural lighting products has reached an internationally leading level, becoming a key growth driver for the sustained expansion of the high-end lighting business.

## **III. Future Outlook**

Looking ahead, the Group will continue to uphold the innovation-driven, high-end manufacturing development philosophy. Through deepening vertical integration of the industrial value chain, intensifying technological innovation, reasonably expanding production capacity, and precisely targeting high-growth areas, we will focus on "LED+" technological innovation, striving to enhance lean manufacturing capabilities and intelligent production systems, aiming to become an industry-leading global high-tech enterprise specializing in intelligent vision products and system solutions.

In terms of research and development, the Group has successfully completed the establishment of a patent strategic layout system covering the entire industrial chain. As of the end of the Reporting Period, the Group has accumulated 453 authorized patents in countries and regions including China, United States, and Japan, including 139 invention patents.

## Management Discussion and Analysis

**In terms of key R&D directions, the Group will continue to focus on its main business areas oriented towards intelligent vision products and systems, and strengthen innovative research and development of related product technologies:**

- (1) Intelligent automotive vision products: focusing on the demands of autonomous driving and intelligent vehicles, we will research and develop a series of core components and technologies for intelligent automotive lamps and automotive displays, including: intelligent projection headlamp systems with ten-thousand-level pixel high definition (HD) capacity based on Micro LED, platform-based headlamp ADB lens modules, intelligent interactive signal display devices/modules/systems for automotive applications, high-power, high-brightness LED devices and modules for automotive headlamp applications, and new automotive display backlight LED devices and modules;
- (2) High-end lighting products: focusing on the research and development of high-reliability, high-brightness, high-power LED devices for outdoor, horticultural and special lighting applications, as well as LED modules and application solutions for special lighting and intelligent lighting; and
- (3) Advanced display products: focusing on the research and development of Mini LED and RGB Mini LED backlight advanced display products and application solutions based on large-size display panels, Micro LED technology for AI display applications and AR+AI glasses display modules, LED backlight devices and module products with dynamic dimming function, and new RGB backlight LED device and module technologies and products.

In terms of operation management, the Group will comprehensively promote the in-depth application of Artificial Intelligence (AI) across the entire process, including product technology R&D, production manufacturing, and operation management, continuously strengthening the construction of intelligent manufacturing capabilities. The Group adopts advanced data systems for full-process management and control of all production elements such as personnel, machines, materials, methods and conditions, so as to ensure the consistency and stability of product manufacturing. Simultaneously, AI tools are utilized for in-depth analysis of production data to continuously optimize production processes, enhance product traceability efficiency, and improve the overall manufacturing yield rate. The Group is currently leveraging AI technology to build an intelligent agent cluster platform for the intelligent automotive vision sector. By integrating multiple business-specific intelligent agents covering the entire product chain from R&D to production to quality inspection, this will inject strong momentum into the Company's long-term development.

In terms of extending the industrial ecosystem, the Group will further strategically position itself within the "third-generation semiconductor" industry cluster, aiming to provide core support for business expansion into key application scenarios such as new energy vehicles, advanced displays, photovoltaics, energy storage, and AI data centers. This will enrich the Group's product structure, facilitate collaborative development with customers, and foster an ecosystem clustering effect across the upstream and downstream industry chains. During the Reporting Period, the Group participated in subscribing to the Hong Kong IPO shares of CaoCao Inc. (stock code: 02643), strengthening capital synergy in the new energy mobility scenario. It also jointly established the "Ma'anshan Zhongsong Jingchuang Fund", focusing on cutting-edge fields such as semiconductors, artificial intelligence, and automotive electronics. In February 2026, the Group cooperated with the Guangzhou Industrial and Information Development Fund and municipal and district-level state-owned capital platforms to establish a fund investing in the semiconductor and integrated circuit sector, which will establish a collaborative mechanism characterized by "government guidance, market-oriented operation, and industry traction". By using capital as a link to secure high-quality industry chain resources, the Company is constructing a "technology + industry + capital" trinity sustainable development model which will assist the Group in achieving long-term high-quality development and creating greater value returns for shareholders.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue Structure

During the Reporting Period, the Group's revenue was derived from intelligent automotive vision products, advanced display products and high-end lighting products. The Group achieved an overall revenue of RMB2,431.1 million in 2025, representing a year-on-year decrease of 6.2%. This decrease was mainly due to the intensification of market competition and the phased decline in the sales prices of some products, which in turn had certain impact on the revenue scale.

#### 1) Revenue by Product

Item	2025		2024		Revenue movement as compared to the last year
	Revenue RMB'000	Proportion of revenue (%)	Revenue RMB'000	Proportion of revenue (%)	
Intelligent automotive vision	<b>992,362</b>	<b>40.8</b>	1,023,495	39.5	-3.0%
Advanced display	<b>773,809</b>	<b>31.8</b>	807,098	31.1	-4.1%
High-end lighting	<b>664,967</b>	<b>27.4</b>	761,471	29.4	-12.7%
Total	<b>2,431,138</b>	<b>100.0</b>	2,592,064	100.0	-6.2%

Revenue from intelligent automotive vision products amounted to RMB992.4 million in 2025, representing a year-on-year decrease of 3.0%, mainly due to: on the one hand, intensified price competition in the Chinese automotive market, coupled with declining sales of certain vehicle models, led to a notable decrease in revenue from intelligent automotive lighting products; on the other hand, due to the increase in customers' mass production projects, sales of automotive-grade components and module products recorded a significant increase. It is believed that with the further expansion and nomination of new customers and new projects, coupled with the continuous mass production of ongoing research projects, the segment will enter a phase of sustained growth.

Revenue from advanced display products amounted to RMB773.8 million in 2025, representing a year-on-year decrease of 4.1%, primarily due to the decline in revenue from traditional backlight products, while the revenue from new-type Mini LED backlight products is gradually increasing.

Revenue from high-end lighting products amounted to RMB665.0 million in 2025, representing a year-on-year decrease of 12.7%. The primary reasons are as follows: on one hand, intensified competition in low to medium power lighting SMD devices has led to a decline in product prices, sales volume and revenue. On the other hand, market demand in new applications is increasing; for instance, the high power, high-efficiency horticultural lighting and outdoor lighting market products showed a growth trend, and its share of revenue from high-end lighting products further increased.

## Management Discussion and Analysis

### 2) Revenue by Geographical Location of Product Delivery

Item	2025		2024		Revenue movement as compared to the last year
	Revenue RMB'000	Proportion of revenue (%)	Revenue RMB'000	Proportion of revenue (%)	
Mainland China	1,946,563	80.1	2,138,033	82.5	-9.0%
Overseas	484,575	19.9	454,031	17.5	6.7%
Total	2,431,138	100.0	2,592,064	100.0	-6.2%

In 2025, the Group's revenue from sales in Mainland China amounted to RMB1,946.6 million, representing a year-on-year decrease of 9%, primarily due to intensified industry competition resulting in lower product prices and sales volumes; the revenue from overseas sales reached RMB484.6 million, representing a year-on-year increase of 6.7%, primarily driven by the continuous increase in demand for horticultural lighting orders from overseas markets.

### Financial Condition

#### 1) Assets

As of December 31, 2025, the total assets of the Group amounted to RMB3,084.8 million, representing a decrease of 0.5% from RMB3,101.5 million as of December 31, 2024. Among them: non-current assets were RMB1,226.0 million, representing an increase of 15.7% from RMB1,060.0 million as of December 31, 2024. The increase was primarily due to the commencement of construction of the headquarters and research and development base of Lynway Vision (Guangzhou) in the Greater Bay Area of the Group's subsidiary, capacity expansion, and asset investment in the upgrade and replacement of certain equipment, alongside the normal depreciation and amortisation of non-current assets; current assets were RMB1,858.8 million, representing a decrease of 8.9% from RMB2,041.5 million as of December 31, 2024. The decrease was primarily due to the decline in sales scale for the year, resulting in a decrease in trade receivables arising from sales; simultaneously, both purchases of raw materials and inventory stocking of finished goods decreased.

#### 2) Liabilities

As of December 31, 2025, the total liabilities of the Group amounted to RMB1,761.6 million, representing a decrease of 2.5% from RMB1,806.7 million as of December 31, 2024. Among them: non-current liabilities were RMB300.1 million, representing an increase of 684.9% from RMB38.3 million as of December 31, 2024. The increase was primarily due to the subsidiary Lynway Vision meeting the additional conditions attached to a government grant of RMB0.2 billion received in previous years during the current period, resulting in its recognition as deferred income; additionally, in order to meet the capital needs for the commencement of construction of the the headquarters of Lynway Vision (Guangzhou) in the Greater Bay Area, new interest-bearing bank borrowings with maturities over one year were incurred, and the current liabilities were RMB1,461.5 million, representing a decrease of 17.4% from RMB1,768.4 million as of December 31, 2024. The decrease was primarily due to the decline in sales scale, leading to a corresponding reduction in the Group's procurement and a decrease in trade payables.

# Management Discussion and Analysis

## Liquidity and Financial Resources

In 2025, the Group's net operating cash inflow were RMB106.3 million, representing a year-on-year decrease of 56%, primarily due to the comprehensive effect of factors such as increased investment in operating expenses and changes in the settlement cycles of receivables and payables.

The cash and bank balances of the Group as at December 31, 2025 were approximately RMB543.3 million.

The total interest-bearing bank borrowings of the Group as at December 31, 2025 were approximately RMB343.4 million. The repayment terms of approximately RMB245.0 million of the interest-bearing bank borrowings are due within one year and approximately RMB98.4 million after one year, respectively.

The Group had sufficient liquidity to meet the requirements of its daily liquidity management and capital expenditure.

## Capital Structure

The financial department under the Group is responsible for its financial risk management, aiming to ensure that the liquidity structure of the assets, liabilities and other commitments of the Group could meet its funding needs on an ongoing basis. The borrowings of the Group were mainly settled in RMB, while its cash and cash equivalents were mainly held in RMB, U.S. dollars and Hong Kong dollars. The Group maintained an appropriate portfolio of equity and debt during the period to ensure an effective capital structure. As of December 31, 2025, the outstanding loans of the Group were RMB-denominated loans. Our bank borrowings comprised both secured and unsecured bank loans, with effective interest rates ranging from 2.18% to 3.30% per annum. The Group monitored the capital structure by using the debt/asset ratio, with its policies to maintain financial stability and support the sustainable, healthy development of the Group's business. As of December 31, 2025, the Group's debt/asset ratio (defined as the ratio of total liabilities to total assets) was 57.1% (December 31, 2024: 58.3%). The change in the debt/asset ratio was minimal, and the Group maintained its financial stability amidst rapid business expansion.

## Contingent Liabilities

During the Reporting Period, we did not have any contingent liabilities.

## Foreign Exchange Risk

The business operations of our Group are primarily concentrated in Mainland China, with the majority of its assets and liabilities denominated in RMB, except for certain bank balances which are denominated in Euro, U.S. dollars, and Hong Kong dollars. During the Reporting Period, the Group did not experience any material difficulties or impact on its operations or liquidity as a result of fluctuations in currency exchange rates. The Group believes that the Group will have sufficient foreign currencies to meet its foreign exchange needs and will take effective measures to prevent foreign exchange risks. We currently do not adopt any forward contracts or other means to hedge our foreign exchange exposure.

## Capital Expenditure

During the Reporting Period, the capital expenditures of the Group for the year ended December 31, 2025 amounted to RMB329.2 million. Capital expenditures were mainly used for the construction of the headquarters of Lynway Vision (Guangzhou) in the Greater Bay Area, as well as investment in equipment upgrades aimed at expanding production capacity and improving efficiency. The capital expenditures of the Group were mainly funded by the Group's own funds, bank borrowings as well as cash inflow from the operating activities of the Group.

# Management Discussion and Analysis

## Capital Commitments

During the Reporting Period, the capital commitments of the Group were mainly related to the acquisition of property, plant and equipment and intangible assets. The total of capital expenditures contracted but not incurred as of December 31, 2025 was RMB145.3 million.

## Restricted Assets

As of December 31, 2025, the Group had restricted assets with a total carrying amount of RMB331.2 million for obtaining bank facilities. These assets include pledged and restricted bank deposits of RMB48.4 million, and property, plant and equipment of RMB227.8 million and restricted right-of-use assets of RMB55.0 million.

## Share Pledge

Jingling Investment and Jingshi Investment, each being an employee shareholding platform and a member of the Controlling Shareholder Group of the Company, entered into share pledge agreements with China Merchants Bank Co., Ltd. Guangdong Pilot Free Trade Zone Nansha Branch (招商銀行股份有限公司廣東自貿試驗區南沙分行) (“CMB”) on December 5, 2024, to pledge their 5,248,040 Shares and 6,441,700 Shares, respectively, as enhanced security in favour of CMB for an existing bona fide commercial loan. For further details, please refer to the announcement of the Company made in accordance with Note (3) to Rule 10.07(2) of the Listing Rules dated December 5, 2024. As at December 31, 2025, such pledge has not been released.

## Significant Investments Held

As at December 31, 2025, the Group did not hold any significant investments with a value exceeding 5% of its total assets.

## Future Plans for Significant Investments and Capital Assets

The Company is deepening its strategic layout on the third-generation semiconductor industry cluster to support business expansion in core scenarios such as new energy vehicles, advanced display, photovoltaics, energy storage, and AI data centers, and to improve the product structure and industrial chain ecosystem. On February 24, 2026, approved by the Board of Directors, the Company, as a limited partner, jointly established an industrial fund with Wanlian Tianze Capital Investment Co., LTD.\* (萬聯天澤資本投資有限公司) and several state-owned capital institutions. The total capital contribution of the fund is expected to be RMB668 million, and the total committed capital contribution of the Company is RMB268 million, representing approximately 40.12% of the total committed capital contribution of the fund. The Company's contributions to the Fund will be funded by the Company's internal resources.

This investment will build a collaborative mechanism featuring government guidance, market-oriented operation, and industrial traction, helping to implement Guangzhou's strategic industries and upgrade the industrial chain, promoting the Company's long-term and high-quality development and creating sustained value for shareholders.

As at the date of this annual report, the partnership agreement in relation to the proposed formation of the fund has been signed. For further details, please refer to the announcement of the Company of a discloseable transaction in relation to the proposed formation of the fund dated February 24, 2026.

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

# Profiles of Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. XIAO Guowei David (肖国偉)**, aged 57, is an executive Director of the fourth session of the Board, the chairperson of the Board and the chief strategic officer of our Company. Mr. Xiao co-founded Advanced Photoelectric and our Group. He served as the chairperson of the Board and general manager of our Company from August 2006 to October 2015, and the chairperson of the Board and president of our Company from October 2015 to March 2023. Mr. Xiao currently holds directorship at other subsidiaries within our Group.

Mr. Xiao has more than 25 years of professional experience in advanced semiconductor packaging, microelectronics manufacturing process, optoelectronic semiconductors, materials and reliability analysis. Prior to establishment of our Company, he founded Advanced Photoelectric in February 2003 and has since served as a director of Advanced Photoelectric. Before that, he taught at the Faculty of Electronic and Information Engineering (電子與信息學部) (formerly known as the Department of Electronic Engineering (電子工程系)) of Xi'an Jiaotong University (西安交通大學) from July 1990 to February 1998, with his last position as a lecturer, and served as a senior technology officer in the Department of Electronic and Computer engineering at the Hong Kong University of Science and Technology from March 2002 to August 2004. He currently also serves as the chairperson of the board of AccoPower Semiconductor Co., Ltd. (廣東芯聚能半導體有限公司) ("**AccoPower**") and AscenPower Semiconductor Co., Ltd. (廣東芯粵能半導體有限公司) ("**AscenPower**"), both silicon carbide (SiC) and power semiconductor developers and manufacturers.

Mr. Xiao obtained his bachelor's degree in electronic engineering in 1990 and his master's degree of engineering in June 1997 from Xi'an Jiaotong University (西安交通大學) in the PRC, and obtained his doctorate degree of philosophy in electrical and electronic engineering from the Hong Kong University of Science and Technology in November 2002 in Hong Kong. He was certified as a professorate senior researcher (正高級研究員) in optoelectronic technology by the Human Resources and Social Security Department of Guangdong Province in December 2020. He is currently a member of the Guangzhou Municipal People's Political Consultative Conference, the vice president of the China Solid State Lighting Alliance (國家半導體照明工程研發及產業聯盟), and the president and a society expert (學會專家) of Guangdong Illuminating Engineering Society. He has been selected for the Quality Migrant Admission Scheme (優秀人才入境計劃) by the Immigration Department of the Government of Hong Kong in December 2002, and for the first batch of Leading Talents in Innovation and Entrepreneurship in Guangzhou (廣州市創新創業領軍人才) by the Guangzhou Liaising Group for Talents (廣州市人才工作協調小組) in February 2011. He has also been recognized as an Innovative Talent of the Overseas Chinese Contribution Award (中國僑界貢獻獎創新人才) by the All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) in September 2016, as a Guangzhou High-caliber Talent (Distinguished Expert) (廣州市高層次人才(傑出專家)) by the Guangzhou Steering Group for Talents (廣州市人才工作領導小組) in August 2019, and as an Honorary Citizen (榮譽市民) by the 15th Standing Committee of the Guangzhou City People's Congress in November 2021. He was awarded the Second Prize of the Guangdong Province Science and Technology Award (廣東省科學技術獎) by the Guangdong government in February 2015, the Third Prize of the Guangdong Provincial Science and Technology Award by the Guangdong government in April 2014, and the Second Prize of the Guangzhou Municipal Science and Technology Award (廣州市科學技術獎) by the Guangzhou government in May 2015.

**Mr. HOU Yu (侯宇)**, aged 56, is an executive Director of the fourth session of the Board and the president of our Company. Mr. Hou joined our Group in October 2015 and served as an executive vice president of our Company from October 2015 to February 2023, and as a director of Lynway Vision from July 2021 to December 2023. He was appointed as an executive Director of the Company on 29 May 2025. He has also been the general manager of Linlux Electronics since September 2018. He was a supervisor of Lynway Vision (Guangzhou) from June 2024 to July 2025, and has been a director and general manager of Lynway Vision (Guangzhou) since July 2025.

## Profiles of Directors, Supervisors and Senior Management

Mr. Hou has more than 20 years of experience in the semiconductor and optoelectronic industries. Prior to joining our Group, Mr. Hou served as a process engineer, product engineer and manager of the production department of China Resources Semiconductor Co., Ltd. (華潤半導體有限公司) from June 1996 to December 2007. He successively served as a senior manager and a vice general manager of Advanced Photoelectronic from November 2007 to October 2015.

Mr. Hou obtained his bachelor's degree of engineering in July 1991 and his master's degree of engineering in June 1994, both from Xi'an Jiaotong University in the PRC. Mr. Hou was qualified as an intermediate engineer in electronic technology (中級工程師(電子技術)) by the Nansha District Human Resources and Social Security Bureau of Guangzhou city in October 2019. He was selected for the Guangzhou High-end Foreign (Overseas) Expert Recruitment Program (廣州市高端外國專家引進項目) by Guangzhou Foreign Expert Bureau (廣州市外國專家局) in December 2018. He was also awarded the Third Prize and Second Prize of the Guangdong Province Science and Technology Award by the Guangdong Government continuously in April 2014 and February 2015, and the Second Prize of the Guangzhou Municipal Award for Improvement in Science and Technology (廣州市科技進步二等獎) by the Guangzhou Government (廣州市人民政府) in May 2015.

### Non-executive Directors

**Mr. CHAN Philip Ching Ho (陳正豪)**, aged 76, is a non-executive Director of the fourth session of the Board of our Company. He served as a Supervisor of our Company from August 2006 to April 2014. Mr. Chan co-founded Advanced Photoelectronic and our Group, and has served as a director of Advanced Photoelectronic since June 2004.

Mr. Chan is a distinguished leader in the semiconductor industry with more than 50 years of academic research and industrial application experience. He commenced his career in University of Illinois, Urbana-Champaign and served as a visiting assistant professor from 1978 to 1981. From March 1990 to March 1991, he worked at Intel Corporation, a company listed on the NASDAQ Stock Market (ticker symbol: INTC), where he last served as a principal engineer and senior project manager. Mr. Chan joined the Hong Kong University of Science and Technology in April 1991 and served as a professor and the head of the Department of Electronic and Computer Engineering, the director of Nanoelectronics Fabrication Facility and the dean of the School of Engineering. From March 2010 to February 2020, he served as a deputy president and provost at the Hong Kong Polytechnic University. From his retirement in March 2020 to August 2021, he served as a senior advisor to the president and provost of the Hong Kong Polytechnic University and has served as a senior advisor to the deputy president and provost of the Hong Kong Polytechnic University since September 2021. From April 2023 to August 2024, he served as a team leader (special duty) at the Innovation and Technology Commission of the Hong Kong Government. Since September 2024, he has been a chairman of board of Microelectronics Research and Development Institute of the Hong Kong Government. Mr. Chan has served as an independent non-executive director of Solomon Systech (International) Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2878), since December 2020. Mr. Chan has served as an independent non-executive director of InnoScience (Suzhou) Technology Holding Co., Ltd., a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2577), since May 2024.

Mr. Chan obtained his bachelor of science in electrical engineering from University of California at Davis in June 1973 in the United States, his master of science in electrical engineering and doctor in electrical engineering both from University of Illinois at Urbana-Champaign in the United States in October 1975 and October 1978, respectively. He has been a fellow member of the Hong Kong Institution of Engineers since December 1995. He was qualified as a fellow of the Institute of Electrical and Electronics Engineering in January 2007 and a fellow of the Hong Kong Academy of Engineering Sciences in December 2013. He was awarded the Bronze Bauhinia Star by the Hong Kong Government in Hong Kong in July 2013. From October 2008 to October 2016, Mr. Chan served as a director of the Hong Kong Applied Science and Technology Research Institute. He currently also serves as a member of the Committee on Innovation, Technology and Re-industrialization of the Government of Hong Kong as well as a professor emeritus at the Hong Kong Polytechnic University and a professor emeritus at the Hong Kong University of Science and Technology.

## Profiles of Directors, Supervisors and Senior Management

**Mr. YUAN Lie Ming Peter (袁立明)**, aged 76, is a non-executive Director of the fourth session of the Board of our Company. Mr. Yuan has served as a director of Advanced Photoelectronic and of our Company since December 2009.

Mr. Yuan has extensive experience in financial investment. He has been a private investor and invested in Advanced Photoelectronic in June 2006, and has principally invested in monetary and financial futures, private equity and real estate in Hong Kong.

Mr. Yuan graduated from Pui Ching Middle School (香港培正中學) in July 1968 in Hong Kong.

**Mr. HUANG Guansheng (黃關生)**, aged 44, is a non-executive Director of the fourth session of the Board of our Company.

Mr. Huang served as the procurement specialist, procurement manager and procurement director at the central procurement company of Geely Holding Group from July 2000 to February 2021, the deputy general manager and executive deputy general manager at the procurement center of Zhejiang Yaoning Technology Group Co., Ltd. (浙江耀寧科技集團有限公司) from September 2021 to October 2023, the chief procurement officer at the empowerment platform of Zhejiang Yaoning Technology Group Co., Ltd. from October 2023 to November 2024, and an executive director and the general manager of Tonglu Yaoning Supply Chain Management Co., Ltd. (桐廬耀寧供應鏈管理有限責任公司) from August 2023 to February 2025. He has served as a director and the deputy general manager of Jiangxi Anchi New Energy Technology Co., Ltd (江西安馳新能源科技有限公司) since March 2024, and the vice president and the chief procurement officer of Zhejiang Lixingneng Industrial Development Co., Ltd. (浙江利星能實業發展有限公司) since November 2024.

Mr. Huang graduated from China Central Radio and TV University (中央廣播電視大學) (now renamed as the Open University of China (國家開放大學)), majoring in business administration.

### Independent Non-executive Directors

**Ms. ZHANG He (張禾)** (with former name as ZHANG Xiaomiao (張曉苗)), aged 61, is an independent non-executive Director of the fourth session of the Board of our Company.

Ms. Zhang has worked at Xian Jiaotong University since July 1985 and has been an associate professor in accounting since June 2001. She served as an independent director and the chairperson of audit committee of Xi'an Typical Industries Co., Ltd. (西安標準工業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600302.SH), from March 2014 to July 2020, an independent director of Shaanxi Tongyuan Natural Gas Co., Ltd. (陝西通源天然氣股份有限公司), a company listed on the NEEQ (stock code: 838687), from December 2021 to December 2022. She has served as an independent director and the chairperson of audit committee of Autobio Diagnostics Co., Ltd. (鄭州安圖生物工程股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603658.SH), from October 2018 to October 2024, an independent director of Xi'an Kaitian Railway Electric Co., Ltd. (西安開天鐵路電氣股份有限公司), a company listed on the NEEQ (stock code: 835196), from December 2020 to December 2023, an independent director of Xi'an Tianli Clad Metal Materials Co., Ltd. (西安天力金屬複合材料股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 873576.BJ), since September 2022, and an independent director and the chairperson of audit committee of Kontour (Xi'an) Medical Technology Co., Ltd. (西安康拓醫療技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688314.SH), since September 2022.

Ms. Zhang obtained her bachelor's degree in mechanical manufacturing process equipment and automation in July 1985, her master's degree in law in June 1991 and her doctorate degree in business administration in March 2009, all from Xi'an Jiaotong University in the PRC.

## Profiles of Directors, Supervisors and Senior Management

**Ms. LIN Nan (蘭楠)**, aged 53, is an independent non-executive Director of the fourth session of the Board of our Company.

Ms. Lin was a visiting student to the University of Sydney from September 2002 to December 2002. From April 2004 to June 2006, Ms. Lin conducted her postdoctoral research at the School of Public Policy & Management of Tsinghua University (清華大學公共管理學院). She joined the Shanghai University of Finance and Economics (上海財經大學) as an associate professor of the College of International Business Administration (currently known as the College of Business) in July 2006, and has served as a professor of the College of Business since June 2012. From March 2009 to March 2010, Ms. Lin was also a visiting scholar to Harvard Business School. Ms. Lin has also served as an independent director of Shanghai Film Co., Ltd. (上海電影股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601595.SH), since October 2024.

Ms. Lin obtained her bachelor's degree in industrial electrical automation in July 1994, her master's degree in management science and engineering in June 1999, and her doctorate degree in management in December 2004, all from Xi'an Jiaotong University in the PRC.

**Ms. DING Hui (丁暉)**, aged 56, is an independent non-executive Director of the fourth session of the Board of our Company.

Ms. Ding has taught at the School of Electrical Engineering at Xi'an Jiaotong University since 1996 and has served as a professor and doctoral advisor since March 2010.

Ms. Ding obtained her bachelor's degree of engineering from Xi'an University of Technology (西安理工大學) (formerly known as Shaanxi Institute of Mechanical Engineering (陝西機械學院)) in July 1991 in the PRC, and her master's degree of engineering in June 1996 and her doctorate degree of engineering in June 2004, both from Xi'an Jiaotong University in the PRC.

**Mr. CHAN Chi Kong (陳志光)**, aged 58, is an independent non-executive Director of the fourth session of the Board of our Company.

Mr. Chan has substantial experience in auditing, accounting, corporate finance, investment, company secretarial practice, business development and general management. He commenced his career by serving as a staff accountant and audit senior of PricewaterhouseCoopers (formerly known as Price Waterhouse). He subsequently held senior finance and management positions in several companies listed on the Main Board of the Hong Kong Stock Exchange and multinational corporations, including Vitasoy International Holdings Ltd. (a company listed on the Main Board of the Hong Kong Stock Exchange under the stock code of 345), MMG Limited (a company listed on the Main Board of the Hong Kong Stock Exchange under the stock code of 1208), Chow Tai Fook Jewellery Group Limited (a company listed on the Main Board of the Hong Kong Stock Exchange under the stock code of 1929), and Chow Sang Sang Holdings International Limited (a company listed on the Main Board of the Hong Kong Stock Exchange under the stock code of 116). Mr. Chan co-founded Impacts Technology Limited, a company principally engaged in development and provision of interactive e-learning solutions to corporates. He has also served as an independent non-executive director of Solomon Systech (International) Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2878), since November 2023.

Mr. Chan is actively engaged in public and social services. He has previously served as the president of the Association of Chartered Certified Accountants (ACCA) Hong Kong, an honorary advisor to Hong Kong Internet Registration Corporation Limited, a member of the advisory board on business studies of Lingnan University, an adjudicator of the Immigration Tribunal of the Hong Kong Government, a member of the Financial Reporting Review Panel of the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) and a member of the Accountancy Training Board under the Vocational Training Council. He has also served as a member of the advisory committee for the College of Professional and Continuing Education (CPCE) of Hong Kong Polytechnic University, and the convenor of Working Party on Seminars of the Accountancy Training Board since June 2023.

Mr. Chan obtained a professional diploma in accountancy and his bachelor of arts in accountancy from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). He also obtained a master of business administration from City University of Hong Kong. He is a fellow member of each of ACCA, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Chartered Governance Institute and the Hong Kong Chartered Governance Institute, and a Chartered Financial Analyst (CFA) of the CFA Institute.

# Profiles of Directors, Supervisors and Senior Management

## SUPERVISORS

**Mr. LI Wenhong (李文紅)**, aged 58, is a non-employee representative Supervisor of the fourth session of the Supervisory Committee of the Company and the chairman of the Supervisory Committee.

Mr. Li founded Shenzhen Goldstone Technology Co., Ltd. (深圳市石金科技股份有限公司), a company listed on the NEEQ (stock code: 833069) and formerly known as Shenzhen Goldstone Technology Ltd. (深圳市石金科技有限公司), in February 2005. He has served as an executive director since then and as the chairperson of the board since February 2015. He has also served as its general manager from February 2005 to December 2015 and since April 2017.

Mr. Li obtained his bachelor's degree in engineering in July 1988 from Xi'an Jiaotong University in the PRC. He was qualified as a senior engineer (高級工程師) by the Human Resources and Social Security Bureau of Shenzhen Municipality (深圳市人力資源和社會保障局) in June 2023. He was awarded the First Prize of Guangdong Province Science and Technology Award by the Guangdong Government (廣東省人民政府) in February 2015, and the 2022 China Patent Excellence Award (中國專利優秀獎) by China National Intellectual Property Administration in July 2022.

**Ms. LUO Xiaoyun (羅曉雲)**, aged 52, is a non-employee representative Supervisor of the fourth session of the Supervisory Committee of the Company.

From July 1997 to June 2002, Ms. Luo was employed at Guangzhou Foreign Economic Trading Affiance Investment Company (廣州對外經濟貿易投資公司). She worked at Guangdong Technology Venture Capital Co., Ltd. (廣東省科技風險投資有限公司) from June 2002 to April 2009, and at Guangdong Yueke Venture Capital Co., Ltd. (廣東粵科風險投資管理有限公司), formerly known as Guangdong Keying Investment Management Co., Ltd. (廣東科盈投資管理有限公司), from May 2009 to July 2017. Since July 2018, she has served as a senior manager of Guangdong Yueke Venture Capital Management Co., Ltd. (廣東粵科創業投資管理有限公司). Ms. Luo has also served as a director of Zhuhai Speedbird PVC Film Laminated METAL Sheet Co., Ltd. (珠海拾比佰彩圖板股份有限公司), a company listed on the Beijing Stock Exchange (stock code: 831768.BJ), since August 2017, as a director of Gd Sunlite Science & Technology Co., Ltd. (廣東信力科技股份有限公司), a company listed on the NEEQ (stock code: 838807), from January 2016 to December 2022, and as a director of Guangzhou Jeepine Intelligent Compression Molding Machine Co., Ltd. (廣州晶品智能壓塑科技股份有限公司), a company listed on the NEEQ (stock code: 833127), from September 2017 to July 2022.

Ms. Luo obtained her dual bachelor's degree in economics and engineering from Jinan University (暨南大學) in the PRC in June 1997.

**Mr. OU Weineng (區偉能)**, aged 43, is the employee representative Supervisor of the fourth session of the Supervisory Committee of the Company. He is also the supervisor of Linlux.

After joining our Group in March 2008, Mr. Ou has served successively as a manager and deputy director of the product department of our Company from September 2008 to October 2016, and has successively served as the director of the LED product department of our Company since October 2016.

Mr. Ou obtained his bachelor's degree of science in July 2005 and his master's degree of science in June 2008, both from South China University of Technology (華南理工大學) in the PRC.

# Profiles of Directors, Supervisors and Senior Management

## SENIOR MANAGEMENT

**Mr. XIAO Guowei David (肖國偉)** is the co-founder, an executive Director, the chairperson of the Board and the chief strategic officer of the Company. For the biographical details of Mr. Xiao, please see “Directors – Executive Director.”

**Mr. HOU Yu (侯宇)** is an executive Director and the president of our Company. For the biographical details of Mr. Hou, please see “Directors – Executive Director.”

**Mr. ZENG Zhaoming (曾照明)**, aged 57, is a vice president of our Company.

Mr. Zeng has more than 20 years of experience in the semiconductor and optoelectronic industries. Prior to joining our Group, Mr. Zeng was a research assistant to the department of physics and materials science of the City University of Hong Kong from July 1998 to January 2000. From November 2001 to October 2007, he successively served as an engineer, a senior engineer, an engineering team leader and a manufacturing department deputy manager of China Resources Semiconductor Co., Ltd. (華潤半導體有限公司). From October 2007 to October 2015, he served as a director of the chip engineering department and the deputy general manager of Advanced Photoelectronic.

Mr. Zeng obtained his bachelor’s degree of engineering in July 1990, his master’s degree of engineering in March 1993 and his doctorate degree in engineering in December 1999, all from Harbin Institute of Technology (哈爾濱工業大學) in the PRC. He was named as an Industrial Leading Talent (leading talent in innovation) in Guangzhou (廣州市產業領軍人才(創新領軍人才)) by the Guangzhou Working Group for Talents (廣州市人才工作小組) in August 2018, a High-end Leading Talent in Guangzhou Nansha District (廣州南沙區高端領軍人才) by the Nansha Working Group for Talents (南沙人才工作小組) in July 2019, and a Guangzhou High-caliber Talent (Excellent Expert) (廣州市高層次人才(優秀專家)) by the Guangzhou Steering Group for Talents in February 2020. Mr. Zeng was awarded the Third Prize and Second Prize of Guangdong Province Science and Technology Award by the Guangdong Government in April 2014 and February 2015, respectively, and the Second Prize of the Guangzhou Municipal Award for Improvement in Science and Technology (廣州市科技進步獎) by the Guangzhou Government in May 2015.

**Ms. ZHOU Baiyun (周白雲)**, aged 47, is a vice president and the financial controller of our Company. She also serves as the financial controller of Linlux, Lynway Vision, and Lynway Vision (Guangzhou). Ms. Zhou joined our Group in August 2006 and successively served as the head of finance and the operating executive of finance department of our Company from August 2006 to September 2015, as a board secretary of our Company from May 2017 to December 2021, and as a director of Lynway Vision from October 2018 to December 2023. She has been serving as a supervisor of Lynway Vision from December 2023 to November 2025.

Prior to joining the Group, Ms. Zhou worked at Guangzhou Zhengtai Carton Co., Ltd. (廣州正泰紙箱有限公司) from June 2000 to August 2005 and from March 2006 to July 2006.

Ms. Zhou obtained her bachelor’s degree in management from Tianjin University (天津大學) in the PRC in June 2008, and completed an executive master of business management full program (高級管理人員工商管理全課程專案) at South China University of Technology (華南理工大學) in the PRC in June 2019. Ms. Zhou was qualified as a board secretary of listed companies by the Shenzhen Stock Exchange in June 2019.

## Profiles of Directors, Supervisors and Senior Management

**Mr. ZHENG Longfeng (鄭龍鋒)**, aged 37, is the board secretary and a joint company secretary of our Company.

Prior to joining our Group, from November 2011 to July 2014, Mr. Zheng worked at WUYIGE Certified Public Accountants LLP (Shanghai) (大信會計師事務所(特殊普通合夥)上海分所). He served as a senior manager of investment banking at Western Securities Co., Ltd. (西部證券股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002673.SZ), from November 2014 to September 2017. Mr. Zheng worked at Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) from December 2017 to May 2018. He worked at Central China Securities Co., Ltd. (中原證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601375.SH) and the Main Board of the Hong Kong Stock Exchange (stock code: 1375), from July 2018 to February 2021, with his last position as a sponsor representative. Mr. Zheng served as a financial director and board secretary of Shanghai Enercomn Technology Co., Ltd. (上海能譽科技股份有限公司) from January 2021 to November 2021.

Mr. Zheng obtained his bachelor's degree in management in July 2011 from Southwest University of Political Science and Law (西南政法大學) in the PRC. He was certified as a securities professional and a sponsor representative by the Securities Association of China (中國證券業協會) in April 2015 and January 2021, respectively, and a certified public accountant by the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in May 2014.

### JOINT COMPANY SECRETARIES

**Mr. ZHENG Longfeng (鄭龍鋒)** is the board secretary and a joint company secretary of our Company. For the biographical details of Mr. Zheng, please see "Senior Management".

**Mr. CHUNG Ming Fai (鍾明輝)**, is a joint company secretary of our Company. He has over 20 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung served as an audit junior at Henny Wee & Co., CPA from March 2004 to October 2004, as an audit semi-senior at K.W. Lau CPA Limited from November 2004 to January 2008, at KPMG from January 2008 to August 2011, with his last position held as a manager of audit, and at Sandmartin International Holdings Limited, a company listed on the Stock Exchange (stock code: 0482), from September 2011 to October 2021, with his last position held as the head of project management. Since October 2024, Mr. Chung is currently a senior vice president of SWCS Corporate Services Group (Hong Kong) Limited, and he is mainly responsible for managing the company secretarial and compliance work for various companies listed on the Stock Exchange.

Mr. Chung is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and a certified practicing accountant of CPA Australia. He obtained a higher diploma in accountancy from City University of Hong Kong in Hong Kong in November 2002, and a bachelor of commerce in accounting and finance from the Australian National University in Australia in December 2003.

## Profiles of Directors, Supervisors and Senior Management

### **CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE PURSUANT TO LISTING RULES 13.51B(1)**

Mr. WU Nan-Yang has resigned as a non-executive Director and a member of the Strategy Committee of the Company with effect from May 2025.

Mr. ZHENG Xin has resigned as a non-executive Director of the Company with effect from May 2025.

Mr. HOU Yu has been appointed as an executive Director and a member of the Strategy Committee of the Company with effect from May 2025, and assuming the roles of director and general manager of Lynway Vision (Guangzhou) with effect from July 2025, and ceased to act as the supervisor of Lynway Vision (Guangzhou).

Mr. HUANG Guansheng has been appointed as a non-executive Director of the Company with effect from May 2025.

Save as disclosed in this annual report, the Company is not aware of any changes in the information of the Directors, Supervisors or chief executive of the Company during the Reporting Period and up to the date of this annual report that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

The Board is pleased to present the corporate governance report of the Company during the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance which are crucial to our development and safeguard the interests of the Shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules (as in effect from time to time) as its own code of corporate governance.

The Board reviews its corporate governance practices from time to time in order to meet the rising expectation of stakeholders, and to comply with increasingly stringent regulatory requirements as well as fulfill its commitment to excellence in corporate governance. After reviewing the Company's corporate governance practices and the relevant regulations of the CG Code, the Board is satisfied that the Company has fully complied with all the applicable code provisions as set out in the CG Code during the Reporting Period.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## CORPORATE CULTURE

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

Mission: We are committed to driving green and sustainable development with technological innovation and creating a better and more intelligent lifestyle with "LED+" technologies. Upholding the corporate spirit of "Positivity, Efficiency, Integrity and Innovation", we provide intelligent vision products and system solutions for intelligent lifestyle, promoting a green and low-carbon development of society. Since our inception, we have adhered to our social responsibilities, continuously advancing technological innovation and product upgrades to develop "LED+" technologies and products with application advantages. By strengthening collaboration across the upstream and downstream industry chains, we achieve synergistic resource integration through complementary advantages, driving the development of the industry chain. Aiming at the global market, we utilize leading technology, exquisite craftsmanship, and exceptional quality to meet and exceed the evolving needs of our customers, and establish ourselves as a trusted enterprise.

## BOARD OF DIRECTORS

During the year ended December 31, 2025 and up to the date of this annual report, the Board consists of nine Directors comprising two executive Directors, three non-executive Directors and four independent non-executive Directors as set out below:

### Executive Directors

Mr. XIAO Guowei David<sup>1</sup> (*Chairperson and chief strategic officer*)

Mr. HOU Yu<sup>1</sup> (*President*)

### Non-executive Directors

Mr. CHAN Philip Ching Ho<sup>1</sup>

Mr. YUAN Lie Ming Peter<sup>1</sup>

Mr. HUANG Guansheng<sup>1</sup>

Mr. WU Nan-Yang<sup>2</sup>

Mr. ZHENG Xin<sup>2</sup>

# Corporate Governance Report

## Independent Non-executive Directors

Ms. ZHANG He<sup>1</sup>

Ms. LIN Nan<sup>1</sup>

Ms. DING Hui<sup>1</sup>

Mr. CHAN Chi Kong<sup>1</sup>

*Notes:*

1. Each of the aforementioned Directors was elected at the 2024 annual general meeting held on May 29, 2025 as Directors of the fourth session of the Board of Directors with the date effective.
2. Mr. WU Nan-Yang and Mr. ZHENG Xin retired and no longer served as Directors at the 2024 annual general meeting held on May 29, 2025, and Mr. WU Nan-Yang has also ceased to serve as a member of the Strategy Committee.

The biographical details of the Directors are set out in the section of “Profiles of Directors, Supervisors and Senior Management” of this annual report. A list of the Directors and their roles and functions is published on the websites of the Stock Exchange and the Company.

Each of our Directors of the fourth session of the Board has confirmed that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on April 24, 2025, and (ii) understands their obligations as a director of a listed issuer under the Listing Rules.

To the best knowledge of the Directors and Supervisors, save as the acting-in-concert agreement dated January 1, 2021 entered into by Mr. XIAO Guowei David, Mr. CHAN Philip Ching Ho and Mr. YUAN Lie Ming Peter, none of the Directors, Supervisors and senior management has any personal relationships (including financial, business, family or other material/relevant relationship(s)) with any other Directors, Supervisors or senior management. For further details of the acting-in-concert agreement, please refer to the Prospectus.

## Independent Non-executive Directors

During the Reporting Period and up to the date of this annual report, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive directors representing at least one-third of the board of the directors.

With reference to the confirmation of independence from independent non-executive Directors, each of our independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of December 31, 2025, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments. The Company has received the annual confirmation letters from each independent non-executive Director regarding their respective independence pursuant to Rule 3.13 of the Listing Rules, and considers all independent non-executive Directors to be independent of the Company.

No independent non-executive Director exceeds the maximum of six concurrent directorships in other Hong Kong listed companies, and no Director’s external commitments materially impair their ability to serve effectively on the Board.

## Responsibilities of and Delegation by the Board

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

Our senior management consisting of executive Directors along with other senior executives is responsible for the management of day-to-day operations of the Group. The executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group. A memorandum on respective functions of the Board and management of the Company has been established in writing.

To oversee particular aspects of the Company's affairs, the Board has established four Board committees, including the Strategy Committee, Audit Committee, Nomination Committee and Remuneration and Appraisal Committee (together, the "**Board Committees**"). The Board has delegated responsibilities to the Board Committees as set out in their respective terms of reference.

All Directors carry out their duties in good faith, in compliance with applicable laws and regulations, and act in the interests of the Company and the Shareholders at all times.

## *Directors' Responsibilities for Financial Statements*

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

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

Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The reporting responsibilities of the Company's external auditor on the financial statements of the Group are set out in the section of "Independent Auditor's Report" in this annual report.

## Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as to review the operation and financial performance of the Group. The Directors may participate the Board meetings and general meetings of the Company either in person or through electronic means of communications.

The Board of Directors should meet regularly, with at least four meetings convened annually. All regular meetings of the Board should be notified to each Director no less than 14 days in advance, and extraordinary meetings should be notified no less than 5 days in advance (however, the aforementioned notice period for extraordinary meetings may be waived with the consent of all Directors of the Company), to allow Directors to include other matters in the agenda of meetings. Board papers together with all appropriate, complete and relevant information are dispatched to all Directors at least three days before each regular Board meeting to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting.

## Corporate Governance Report

During the Reporting Period, six Board meetings and one general meeting were held at which the Board and the Shareholders, respectively, considered and approved the financial statement of the Group for the financial year ended December 31, 2024 and the six months ended June 30, 2025, and other business affairs of the Group. The Company shall adopt the practice of holding Board meetings regularly, to be at least four times a year, and at approximately quarterly intervals. Apart from regular Board meetings, within the year, the chairperson of the Board held more than one meeting with the independent non-executive Directors without the presence of other Directors under the code provision C.2.7 of the CG Code.

The attendance records of each Director at the meetings of the Board and the general meetings during the Reporting Period are set out as follows:

	<b>Number of Board meetings attended/ eligible to attend</b>	<b>Attendance rate of Board meetings</b>	<b>Number of general meetings attended/ eligible to attend</b>	<b>Attendance rate of general meetings</b>
<b>Executive Director</b>				
Mr. XIAO Guowei David <i>(Chairperson and chief strategic officer)</i>	6/6	100%	1/1	100%
Mr. HOU Yu <sup>1</sup> <i>(President)</i>	3/3	100%	0/0	/
<b>Non-executive Directors</b>				
Mr. CHAN Philip Ching Ho	6/6	100%	1/1	100%
Mr. YUAN Lie Ming Peter	6/6	100%	1/1	100%
Mr. HUANG Guansheng <sup>1</sup>	3/3	100%	0/0	/
Mr. WU Nan-Yang <sup>2</sup>	3/3	100%	1/1	100%
Mr. ZHENG Xin <sup>2</sup>	3/3	100%	1/1	100%
<b>Independent Non-executive Directors</b>				
Ms. ZHANG He	6/6	100%	1/1	100%
Ms. LIN Nan	6/6	100%	1/1	100%
Ms. DING Hui	6/6	100%	1/1	100%
Mr. CHAN Chi Kong	6/6	100%	1/1	100%

Notes:

- (1) Mr. HOU Yu and Mr. HUANG Guansheng were appointed on May 29, 2025, and did not attend the Board meeting/general meeting held from January 1, 2025 to May 29, 2025.
- (2) Since Mr. WU Nan-Yang and Mr. ZHENG Xin have tendered their resignations from the office of directors of the Board upon the expiry of the term in April 2025, and continued to perform their duties until the election and assumption of office of the new directors of the Board. Accordingly, they did not attend the Board meetings held after May 29, 2025.

## Appointment, Re-Election and Removal of Directors

Pursuant to the requirements of the Articles of Association, all Directors (including non-executive Directors) shall be elected at the general meeting for a term of three years, and shall be eligible for re-election on the expiry of each term at the general meeting. The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the Shareholders' meeting.

Each Director has entered into a service contract with the Company with a specific term. The term of a Director shall be stipulated in the Articles of Association, provided that no term of office shall last for more than three years. A Director may serve consecutive terms if re-elected. A Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected Director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of Director results in the number of Directors being less than the quorum.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contract with any member of the Group other than the contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

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

The Shareholders may, at any general meetings convened and held in accordance with the Articles of Association, remove a Director by ordinary resolution at any time before the expiration of his/her term of office (but such removal does not prejudice the claim for damages pursuant to any contract).

With regards to the code provision of the CG Code requiring Directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments, as well as their identities and the times involved in the issuer, the Directors agreed to disclose their commitments to the Company in a timely manner. The Directors, including independent non-executive Directors, have demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

If any Director fails to attend in person or appoint other Directors as his/her representative to attend meetings of the Board for two consecutive times, such Director shall be deemed to have failed to perform his duties, and the Board shall propose to replace such Director at the general meeting.

## Chairperson of the Board and the President

The Board recognizes the recommendation of code provision C.2.1 of part 2 of the CG Code that the chairperson of the Board (the **"Chairperson"**) and the president of the Company (the **"President"**) should be separate and performed by different individuals. The Chairperson is Mr. XIAO Guowei David and the President is Mr. HOU Yu. The Chairperson bears the responsibility for the effective conduct of the Board whilst the President bears the executive responsibility for the operations of the Group's business. The Chairperson and the President are not related to each other. The division of responsibilities between the Chairperson and the President is defined and established in writing. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual exercising any considerable concentration of power or influence.

# Corporate Governance Report

## Continuous Professional Development of Directors

All Directors have been given relevant guideline materials regarding the responsibilities and obligations of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Company during the Reporting Period and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors to ensure that he or she has a proper understanding of the operation and business of the Company and full awareness of Directors' responsibilities and obligation under the Listing Rules and relevant statutory requirements.

All Directors are also updated from time to time on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the Reporting Period, all the Directors (including newly appointed Directors and the retired Directors) had participated in continuous professional development in the following manner in compliance with code provision C.1.1 of the CG Code:

	Training areas				Updates on industry developments, business trends and strategy updates
	Directors' Duties and responsibilities	Legal and regulatory developments	Corporate Governance and ESG matters	Risk management and internal control	
<b>Executive Directors</b>					
Mr. XIAO Guowei David	✓	✓	✓	✓	✓
Mr. HOU Yu <sup>1</sup>	✓	✓	✓	✓	✓
<b>Non-executive Directors</b>					
Mr. CHAN Philip Ching Ho	✓	✓	✓	✓	✓
Mr. YUAN Lie Ming Peter	✓	✓	✓	✓	✓
Mr. HUANG Guansheng <sup>1</sup>	✓	✓	✓	✓	✓
Mr. WU Nan-Yang <sup>1</sup>	✓	✓	✓	✓	✓
Mr. ZHENG Xin <sup>1</sup>	✓	✓	✓	✓	✓
<b>Independent Non-executive Directors</b>					
Ms. ZHANG He	✓	✓	✓	✓	✓
Ms. LIN Nan	✓	✓	✓	✓	✓
Ms. DING Hui	✓	✓	✓	✓	✓
Mr. CHAN Chi Kong	✓	✓	✓	✓	✓

Note:

- 1 Mr. HOU Yu and Mr. HUANG Guansheng were appointed on May 29, 2025, while Mr. WU Nan-Yang and Mr. ZHENG Xin have tendered their resignations from the office of directors of the Board upon the expiry of the term in April 2025, and continued to perform their duties until the election and assumption of office of the new directors of the Board.

## BOARD COMMITTEES

The Board has established four committees and has delegated various responsibilities to the committees including the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy Committee. All the Board Committees perform their distinct roles in accordance with their respective terms of reference which are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

### Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3 of part 2 of the CG Code. The terms of reference of the Audit Committee have been published on the websites of the Stock Exchange and the Company, respectively.

The Audit Committee currently consists of three independent non-executive Directors, namely Ms. ZHANG He (Chairperson), Ms. LIN Nan and Mr. CHAN Chi Kong. Mr. CHAN Chi Kong has appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the Audit Committee are as follows:

- (i) to review significant financial policies of the Company and their implementation, and supervise the financial activities of the Company;
- (ii) to review the financial information and relevant disclosures of the Company;
- (iii) to supervise and evaluate the risk management and internal control of the Company;
- (iv) to supervise and evaluate the work of internal audit of the Company and report to the Board;
- (v) to propose the appointment or dismissal of an external accounting firm;
- (vi) to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;
- (vii) to monitor the non-compliance of the Company in respect of the financial reports and the risk management and internal control; and
- (viii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Audit Committee held four meetings and the work performed by the Audit Committee was summarised as follows:

- (1) reviewed the audited financial statements for the year ended December 31, 2024 of the Group;
- (2) reviewed the unaudited financial statements for the six months ended June 30, 2025 of the Group;
- (3) reviewed the effectiveness of the Group's risk management and internal control systems;
- (4) reviewed the effectiveness of the internal audit function;
- (5) proposed to the Board of Directors to re-appoint the auditor for the financial year 2025; and
- (6) other matters as required by the Articles of Association and authorized by the Board.

# Corporate Governance Report

The attendance records of each committee member are set out below:

	<b>Number of committee meetings attended/eligible to attend</b>	<b>Attendance rate of committee meetings</b>
Ms. ZHANG He ( <i>Chairperson</i> )	4/4	100%
Ms. LIN Nan	4/4	100%
Mr. CHAN Chi Kong	4/4	100%

## Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.26 of the Listing Rules and the code provision E.1 of the CG Code. The terms of reference of the Remuneration and Appraisal Committee has been published on the websites of the Stock Exchange and the Company, respectively.

The Remuneration and Appraisal Committee currently consists of two independent non-executive Directors, namely Ms. LIN Nan (*Chairperson*), and Ms. DING Hui and one executive Director, namely Mr. Xiao Guowei David.

The primary duties of the Remuneration and Appraisal Committee are as follows:

- (i) to organize and formulate the remuneration policy and plan of Directors, Supervisors and senior management and submit to the Board for approval;
- (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors, Supervisors and senior management members; and
- (iii) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held two meetings and the work performed by the Remuneration and Appraisal Committee was summarised as follows:

- (1) reviewed the overall remuneration policy and structure for Directors and senior management of the Group; and
- (2) reviewed and recommended the remuneration packages of Directors and senior management of the Group.

The attendance records of each committee member are set out below:

	<b>Number of committee meetings attended/eligible to attend</b>	<b>Attendance rate of committee meetings</b>
Ms. LIN Nan ( <i>Chairperson</i> )	2/2	100%
Ms. DING Hui	2/2	100%
Mr. XIAO Guowei David	2/2	100%

## Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27B of the Listing Rules and the code provision B.3 of the CG Code. The terms of reference of the Nomination Committee has been published on the websites of the Stock Exchange and the Company.

The Nomination Committee consists of two independent non-executive Directors, namely Ms. DING Hui (Chairperson) and Ms. ZHANG He and one executive Director, namely Mr. Xiao Guowei David.

The primary duties of the Nomination Committee are as follows:

- (i) to formulate the selection criteria and procedures for the election of Directors, Supervisors and senior management and important subsidiaries, and making opinions or recommendations thereon;
- (ii) to examine and verify candidates for the roles of Directors, presidents and other senior managements, and making opinions or recommendations thereon;
- (iii) to review the structure, size, composition and diversity (including the skills, knowledge, experience, gender, age, cultural and educational background, and length of service) of the Board at least annually, assisting the Board in maintaining a board skills matrix, and making recommendations on any proposed changes to the Board to complement the Company's strategy according to the Company's operation activities, asset size and equity structure; and
- (iv) other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Nomination Committee held three meetings and the work performed by the Nomination Committee was summarised as follows:

- (1) adopted the Director Nomination Policy as the policy for the nomination of directors during the year, which includes the nomination procedures and the process and criteria adopted by the nomination committee to select and recommend candidates for directorship during the year;
- (2) assessed each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experience, existing directorships and other significant external time commitments of such director and other factors or circumstances relevant to the Director's character, integrity, independence and experience;
- (3) reviewed the retirement and rotation plan of the Directors; and
- (4) assessed the independence of each independent non-executive Director.

# Corporate Governance Report

The attendance records of each committee member are set out below:

	<b>Number of committee meetings attended/eligible to attend</b>	<b>Attendance rate of committee meetings</b>
Ms. DING Hui ( <i>Chairperson</i> )	3/3	100%
Mr. XIAO Guowei David	3/3	100%
Ms. ZHANG He	3/3	100%

## Strategy Committee

The Company has established the Strategy Committee with written terms of reference. The terms of reference of the Strategy Committee has been published on the websites of the Stock Exchange and the Company.

The Strategy Committee currently consists of two executive Directors, namely Mr. Xiao Guowei David (Chairperson) and Mr. HOU Yu, two non-executive Directors, namely Mr. CHAN Philip Ching Ho, Mr. YUAN Lie Ming Peter, and one independent non-executive Director, namely Ms. LIN Nan.

The primary duties of the Strategy Committee are as follows:

- (i) studying and advising on our long-term development strategy;
- (ii) studying and advising on major investment and financing schemes that require Board approval according to the Articles of Association;
- (iii) studying and advising on major capital operation and assets management projects that require Board approval according to the Articles of Association;
- (iv) studying and advising on other material matters that may influence the development of the Company;
- (v) assessing and inspecting the implementation of the above issues after they have been approved by the Board and report back to the Board; and
- (vi) handling other matters required by laws, regulations, rules, normative documents, regulatory rules of the jurisdictions where the Shares are listed, the Articles of Association or as authorized by the Board.

# Corporate Governance Report

During the Reporting Period, the Strategy Committee held one meeting to review the rights of the Directors to acquire shares of the Company.

The attendance records of each committee member are set out below:

	<b>Number of committee meetings attended/eligible to attend</b>	<b>Attendance rate of committee meetings</b>
Mr. XIAO Guowei David ( <i>Chairperson</i> )	1/1	100%
Mr. HOU Yu <sup>1</sup>	0/0	/
Mr. CHAN Philip Ching Ho	1/1	100%
Mr. YUAN Lie Ming Peter	1/1	100%
Ms. LIN Nan	1/1	100%
Mr. WU Nan-Yang <sup>2</sup>	1/1	100%

Notes:

- (1) Mr. HOU Yu was appointed at the 2024 Annual General Meeting held on May 29, 2025 and did not attend any meetings of the Strategy Committee of the Board held from January 1, 2025 to May 29, 2025.
- (2) Mr. Wu Nan-Yang retired at the 2024 Annual General Meeting held on May 29, 2025, and ceased to act as a Director and a member of the Strategy Committee of the Board with immediate effect.

## Corporate Governance Functions

The Board recognizes the importance of corporate governance and is responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report.

The Board had performed the above duties during the Reporting Period.

# Corporate Governance Report

## BOARD DIVERSITY

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to the Board.

The Board currently consists of three female Directors and six male Directors with a balanced mix of age, gender, knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management. The Company is of the view that the Board satisfies the Board Diversity Policy and complies with the requirements under Rule 13.92 of the Listing Rules.

The Nomination Committee is responsible for the implementation of our Board Diversity Policy. The Nomination Committee will review our Board Diversity Policy from time to time to ensure its continued effectiveness.

## WORKFORCE GENDER DIVERSITY

The Company has adopted a workforce gender diversity policy (the “**Workforce Gender Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of the workforce. The Group emphasized the training of female talent and providing long-term development opportunities for female staff. As at December 31, 2025, the gender ratio of (1) senior management for male and female employees were 85.71% and 14.29%; and (2) the workforce (excluding senior management) for male and female employees were 56.07% and 43.93%, respectively.

For a discussion of the gender ratio in the workforce, please refer to the Environmental, Social and Governance Report, which will be published separately on the websites of the Company and the Stock Exchange on the same date.

## NOMINATION POLICY AND PROCEDURES

The Company has adopted a Director nomination policy (the “**Director Nomination Policy**”) which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate or the continued service of existing Director, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements on independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole. The Nomination Committee will review the structure, size and composition of the Board and the Director Nomination Policy on a regular basis.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors, Supervisors and senior management of the Company and re-election of Directors and/or Supervisors at general meetings of the Company. During the reporting period, the directors of the Fourth Board were elected and assumed office, while the term of office of the Third Board of Directors expired.

## **MECHANISM TO ENSURE INDEPENDENT VIEWS OF DIRECTORS**

The Company has established the mechanism to ensure independent views and input are available to the Board, whereby independent non-executive Directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require.

Independent non-executive Directors provide constructive suggestions to the Board based on objective judgement through formal and informal channels to improve the efficiency and decision-making of the Board. According to the rules of proceedings of the Board, the views of independent non-executive Directors shall be recorded separately for resolutions which require independent non-executive Directors to express their special views. If the views of independent non-executive Directors are inconsistent, their views shall be recorded respectively. For resolutions which are required to be disclosed, the views of independent non-executive Directors shall be disclosed separately. The Board reviews the implementation and effectiveness of the aforementioned mechanism on an annual basis.

## **REMUNERATION POLICY**

The Remuneration and Appraisal Committee conducts regular reviews of the Group's remuneration policies. Based on the primary scope, duties and responsibilities, significance of roles, and the remuneration level of the similar positions in other relevant enterprises, the committee formulates remuneration plans or proposals for Directors and senior management. These proposals are then recommended to the Board for review and approval.

The Company has also adopted the Share Incentive Schemes. The purpose of the Share Incentive Schemes is to further establish and improve the Company's long-term incentive mechanism, attract and retain talents, fully promote the positivity of the Directors, senior management, middle-level management and core employees of the Company, and direct the focus of all parties to the Company's long-term development by effectively combining the interests of the Shareholders, the Company and core individuals.

# Corporate Governance Report

## Remuneration of Directors and Senior Management

Details of the remuneration of each of the Directors for the Reporting Period are set out in Note 8 to the financial statements in this annual report.

Remuneration paid to the senior management members (excluding the Directors) by band for the Reporting Period is within the range below:

Range of remuneration	Number of Individuals 2025
Between HK\$1,000,001 and HK\$1,500,000	1
Between HK\$1,500,001 and HK\$2,000,000	1
Between HK\$2,000,001 and HK\$2,500,000	1

## JOINT COMPANY SECRETARIES

Mr. ZHENG Longfeng (“**Mr. Zheng**”) and Mr. CHUNG Ming Fai (“**Mr. Chung**”) are the Joint Company Secretaries of the Company since the Listing Date and are responsible for overseeing the company secretarial work of the Group. The primary contact persons of the Company are Mr. Zheng and Mr. Chung.

For the biographical details of Mr. Zheng and Mr. Chung, please see the section headed “Profiles of Directors, Supervisors and Senior Management — Joint Company Secretaries” in this annual report.

In accordance with the requirements under Rule 3.29 of the Listing Rules, both Mr. Zheng and Mr. Chung confirmed that they have taken not less than 15 hours of relevant professional training during the Reporting Period.

## DIRECTORS AND SUPERVISORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors and Supervisors’ dealings in securities of the Company since the Listing and having made specific enquiries of all the Directors and Supervisors, each of them has confirmed that he/she has complied with all the applicable provisions under the Model Code during the Reporting Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance with the Model Code by the Directors, Supervisors and the relevant employees of the Company were noted by the Company during the Reporting Period.

## RISK MANAGEMENT AND INTERNAL CONTROL

We have formulated and implemented comprehensive risk management and internal control policies that span various aspects of our business operations to oversee and address a spectrum of operational, financial, legal and market risks that may be or have been identified in connection with our operations, and we review the effectiveness of these policies at least annually. These comprehensive risk management and internal control are supported by our specific monitoring and reporting procedures and systems as outlined in the relevant policies. Our Board bears the responsibility for overseeing our overall risk management, ensuring that our risk management policies are not only implemented but also regularly reviewed and updated to reflect the changing business environment. The Group's risk management and internal control systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

We established a dedicated risk management and internal control team which takes responsibility for establishing risk management and internal control policies, conducting internal audit, providing internal control consultation and guiding any rectification.

The Board has established an on-going process for identifying, evaluating and managing the potential risks (including environmental, social and governance (“**ESG**”) risks) faced by the Group and this process includes enhancing the systems of risk management and internal controls from time to time in response to the changes to the business environment or regulatory guidelines.

The Group's risk management and internal control team plays an important role in monitoring the internal governance of the Company. The major duties of the risk management and internal control team are to regulate and review the internal control and compliance related matters of the Company and conduct comprehensive audits of all branches and subsidiaries of the Group on a regular basis. The Group's internal audit function provides independent and objective assurance as to whether the design and effectiveness of the Group's framework of risk management, internal control and governance processes is adequate and issues an appraisal report which shall be submitted to our Audit Committee for approval.

During the Reporting Period, the Audit Committee, with reference to and based on the internal control review report issued by the risk management and internal control team, conducted a review on the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls as well as the process for the identification, evaluation and management of the significant risks (including ESG risks) faced by the Group. The Board has considered and discussed the internal audit report issued by the Group's risk management and internal control team, the work conducted by the Group's risk management and internal control team and the independent auditor, the Audit Committee's view on the Group's risk management and internal control systems and their effectiveness.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules;
- conducts its affairs with close regard to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission;
- has included in the code of conduct of the Company a strict prohibition on the unauthorised use of confidential or inside information; and
- ensures, through the Company's own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

# Corporate Governance Report

During the Reporting Period, the Company reviewed its internal governance procedures relating to the Listing Rules and will strengthen its internal communication mechanisms. This includes continuously improving the construction of risk management and internal control team, clarifying the channels and responsibilities for employees to escalate matters upwards, and requiring that the compliance implications of material operational developments (such as acquisitions) be formally discussed at management meetings to prevent omissions. In respect of any transactions defined under Chapter 14 of the Listing Rules (including transactions involving the subscription of wealth management products) and continuing connected transactions under Chapter 14A, the Board has also conducted an annual review. During the Reporting Period, the Company has cooperated more closely with the internal legal and compliance department on compliance matters and provided enhanced training to the relevant responsible personnel and management.

In addition, the Board also reviews the adequacy of resources, employees' qualifications and experience, their training programmes, and budget of the Group's accounting, compliance, risk management, internal audit and financial reporting functions as well as those relating to the Group's ESG performance and reporting.

The Company's risk management and internal control systems are reviewed annually for the Reporting Period, and the Board considers that its risk management and internal control systems are effective and adequate.

## Whistleblowing Policy

In compliance with code provision D.2.3 of Part 2 of the CG Code, the Board adopted a Whistleblowing Policy. It provides employees and the relevant third parties who deal with the Group (e.g. customers and suppliers) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations for the Reporting Period has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

## Anti-corruption Policy

In compliance with code provision D.2.4 of Part 2 of the CG Code, the Board adopted an Anti-corruption Policy. The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. Our internal audit department is responsible for investigating any reported incidents and taking appropriate measures. We also have regular training for employees regarding the anti-bribery policy to facilitate implementation of the policy. During the Reporting Period and up to the date of this annual report, we were not aware of any anti-bribery incident by our employees in relation to our customers.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

## Auditor's Remuneration

The remuneration for the audit and non-audit services provided by the Ernst & Young to our Group during the Reporting Period is approximately as follows:

Type of Services	Amount RMB'000
Audit services	1,700
Non-audit services*	846
Total	<u>2,546</u>

\* Non-audit services include interim review services and tax-related services.

## Dividend Policy

The Company has adopted a dividend policy (“**Dividend Policy**”) on payment of dividends to ensure that the Board maintains an appropriate procedure on declaring and recommending the dividend payment of our Group.

Any proposed distribution of dividends shall be formulated by the Board and will be subject to approval in our Shareholders’ meeting. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that the Board may consider important. Within three years after listing, we intend to adopt a dividend payout ratio of no less than 30% of our net profit of the year of dividend payment, according to our business operations and cash flow position, which is subject to the approvals of the Board and the Shareholders’ meeting. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that dividends of any amount will be declared or distributed in any year.

According to the Articles of Association, the Company may distribute dividends in the form of:

- (i) cash;
- (ii) share certificates; or
- (iii) other manners permitted by laws, administrative regulations and regulatory rules of the place where the Shares are listed.

The Company shall pay cash dividends and other payments in RMB payable to the holders of unlisted domestic shares. Cash dividends and other payments payable to the holders of H Shares shall be calculated and declared in RMB by the Company, and such distribution shall be handled in accordance with applicable regulations on foreign exchange control of the PRC.

## Communication with Shareholders

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies. Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### Convening an extraordinary meeting and putting forward proposals

Pursuant to the Articles of Association, when Shareholders individually or jointly holding more than 10% (inclusive) of the Company's outstanding voting shares make request(s) in writing for the convening of an extraordinary meeting, such request shall be submitted in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply to such Shareholder(s) stating its agreement or disagreement to the convening of the extraordinary meeting within ten days after having received such requisition. In the event that the Board agrees to convene an extraordinary meeting, a notice for convening such meeting shall be given within five days after the relevant Board resolution is passed and consent of the relevant Shareholder(s) shall be obtained in case of any changes to the original requisition in the notice. In the event that the Board disagrees to convene an extraordinary meeting or does not furnish any reply within ten days after having received such requisition, in which case Shareholder(s) individually or jointly holding more than 10% of the Shares of the Company may propose in writing the Board of Supervisors to convene the extraordinary meeting.

Additionally, Shareholders individually or jointly holding over 1% of the Company's Shares are entitled to put forward a temporary proposal to the Company 10 days before convening the Shareholders' general meeting and submit the proposal in writing to the convener. The convener shall issue a supplemental notice for the shareholders' meeting within 2 days upon receiving the proposal, inform other shareholders and, if within the terms of reference of the shareholders' meeting, add such a proposal to the agenda thereof for consideration at the shareholders' meeting, provided that no temporary proposal shall be submitted if it is in violation of any law, administrative regulation or the Articles of Association or not within the scope of duties and powers of the shareholders' meeting.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at [www.apl-hk.com](http://www.apl-hk.com).

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules, and poll results will be posted on the websites of the Company ([www.apl-hk.com](http://www.apl-hk.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) in a timely manner after each general meeting.

### Enquiries to the Board

Shareholders may send their enquiries as mentioned above to the following:

Recipient: Office of the Board of APT Electronics Co., Ltd.

Address: No. 33, Huanshi Road South, Nansha District, Guangzhou, Guangdong Province, PRC

Email: [aptinvestors@apl-hk.com](mailto:aptinvestors@apl-hk.com)

Tel: +86 020 3468 4266

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law and relevant Listing Rules.

## INVESTOR RELATIONS

The Company considers that effective communication with Shareholders and, in appropriate circumstances, the investment community at large, including the Company's potential investors as well as analysts reporting and analyzing the Company's performance are provided with comprehensive, equal and understandable information about the Company.

The relevant departments of the Company are specifically responsible for providing the required information, materials and services to shareholders and investors, and maintaining active communication with shareholders, investors and other capital market participants. During the reporting period of the annual financial report, the Company provided important information to the capital market and the media through various activities, including annual results announcements, non-deal roadshows, and media briefings, so as to enhance all parties' understanding of the Company's business and the overall development of the industry. Meanwhile, the Company handles investor inquiries via the corporate website, email and telephone.

The annual general meetings and extraordinary general meetings (if required) of our Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairperson of the Board will attend the annual general meetings of the Company to meet and answer Shareholders' questions. The auditor of the Company will also attend the annual general meetings of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at <https://www.apl-hk.com>, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. The Board has conducted the annual review of the implementation and effectiveness of the Shareholders' communication policy of the Company and concluded that the policy was implemented effectively during the Reporting Period.

## CONSTITUTIONAL DOCUMENTS

There were no changes to the Articles of Association during the Reporting Period and up to the date of this annual report. The latest version of the Articles of Association is available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.apl-hk.com](http://www.apl-hk.com)), respectively.

# Directors' Report

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

## PRINCIPAL ACTIVITIES

The Company is a provider of intelligent vision products and system solutions encompassing intelligent automotive vision, high-end lighting and advanced display. Leveraging industry insights and sustained technological innovation, we house a broad array of our core “LED+” technologies that integrate LED technologies with integrated circuits (ICs), electronic control, software, sensors, optics and others.

## BUSINESS REVIEW

A review of the Group's results for the year, a discussion and analysis of key factors related to its financial position and the prospects of the Group's business are set out in the “Management Discussion and Analysis” section of this annual report.

## PRINCIPAL RISK AND UNCERTAINTIES

Our business involves certain risks and the most significant risks that we are facing include but are not limited to the following:

### **We face significant competition in the industry in which we operate, and if we are unable to compete effectively, our results of operations and financial condition may be materially and adversely affected.**

The LED intelligent vision industry is intense and highly competitive with over 300 thousand market participants. Many of our competitors provide products comparable to those we offer and may further upgrade their products and optimize their services. Our competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technological or marketing resources than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than us and may have the ability to initiate or withstand significant industry evolution or regulatory changes. Our competitors may have more advanced facilities or equipment, develop more advanced or efficient technologies, acquire more customers, have more professional staff or offer more competitive prices. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

### **We are exposed to customer concentration risk.**

Revenue from our five largest customers from 2023 to 2025 amounted to RMB1,366.6 million, RMB1,928.4 million and RMB1,540.6 million, respectively, accounting for 73.5%, 74.4% and 63.4% of our total revenue, respectively. Revenue from our largest customer from 2023 to 2025 amounted to RMB705.8 million, RMB902.0 million and RMB643.3 million, respectively, accounting for 38.0%, 34.8% and 26.5% of our total revenue, respectively. From 2023 to 2025, a majority of the sales of our intelligent automotive vision products were attributable to Geely Related Group, and the revenue from Geely Related Group was RMB705.8 million, RMB902.0 million and RMB643.3 million, respectively, accounting for 38.0%, 34.8% and 26.5% of our total revenue, respectively, for the same periods. We expect that revenue from Geely Related Group will continue to increase in the near future. Our major customers' stable relationship with us and consistent demands are crucial to our business. Their business conditions, liquidity and solvency may have a significant impact on our business dealings. Any disruption in our business relationship with major customers could have a material adverse effect on our business, financial condition and results of operations. In the event that the existing major customers reduce or cease to purchase our products and we are unable to find new customers with similar level of demands at comparable terms within a reasonable period of time or are simply unable to find new customers at all, our business and profitability may be adversely affected.

## **Demand for our LED products depends on trends and developments in their corresponding end products and end markets.**

We offer a broad portfolio of LED products to be used for a wide range of end products or targets, such as automotives and consumer electronics. As such, demand for our products depends to a large extent on trends and developments in the markets for end products. If the end product markets cannot maintain robust growth, our business and profitability may be adversely affected. Furthermore, the end markets of our products are characterized and defined by rapidly changing technology, frequent new product specifications and changing customer demands. Our success thus depends on the ability to adequately respond and adapt to technological developments in a timely and cost-effective manner, through continual improvement of our products and services. Our failure to adapt to such changes may have a material adverse effect on our business, operating results and financial condition.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is not exposed to any significant environmental risks. During the Reporting Period, the Group was not subject to any fines or other penalties for the non-compliance with environmental protection laws and regulations. An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and a discussion of the Company's environmental policies and performance are set out in the "Environmental, Social, and Governance Report".

For further details of the environmental policies and performance of the Company, please refer to the "Environmental, Social and Governance Report" which will be published separately on the websites of the Company and the Stock Exchange on the same date.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

As far as the Directors, Supervisors and senior management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

## **FINANCIAL REVIEW**

A discussion and analysis of the key factors relating to the financial position of the Group during the Reporting Period is set out in the section headed "Management Discussion and Analysis" in this annual report.

## **SHARE CAPITAL**

Details of the movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

## **SUBSIDIARIES**

Particulars of the Company's subsidiaries as at December 31, 2025, are set out in note 1 to the consolidated financial statements.

# Directors' Report

## DIVIDENDS

The Board has resolved to distribute a final dividend of RMB0.40 (tax inclusive) per 10 ordinary Shares, equivalent to an aggregate amount of RMB21.49 million, for the year ended December 31, 2025, subject to the approval by the annual general meeting of the Company to be held by and before June 30, 2026. Such final dividend, once approved, is expected to be paid by August 31, 2026. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars to the holders of H shares. The final dividend payable in Hong Kong dollars will be converted from RMB at the average exchange rate of RMB to Hong Kong dollars as published by the People's Bank of China for the five business days prior to the forthcoming annual general meeting of the Company and the final dividend payable to the holders of Domestic Unlisted Shares will be paid in RMB.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Collection and Management of the Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) 《(國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅征管問題的通知》(國稅函[2011]348號)), dividend and bonus income received by overseas resident individual shareholders who hold shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax under the items of "interests, dividend and bonus income", which shall be withheld and paid by the withholding agents according to relevant laws. The overseas resident individual shareholders who hold shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties entered into between the countries where they reside and the PRC and the tax arrangements between Mainland China and Hong Kong (Macau). The relevant tax rate for dividends under the relevant tax treaties and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends and bonus, generally withhold individual income tax at the rate of 10%, and are not required to file an application. If the tax rate for dividends is not equal to 10%, the following provisions shall apply: (1) for citizens from countries which have entered into tax treaties stipulating a tax rate of lower than 10%, the withholding agents can file applications on their behalf to claim the relevant agreed preferential treatments, and upon approval by the competent tax authorities, the excess tax amounts withheld will be refunded; (2) for citizens from countries which have entered into tax treaties stipulating a tax rate of higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividends and bonus, and are not required to file an application; (3) for citizens from countries without tax treaties and under other situations, the withholding agents will withhold the individual income tax at the rate of 20% when distributing dividends and bonus.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《(國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold and pay enterprise income tax at a flat rate of 10%.

In accordance with current convention of the Hong Kong Inland Revenue Department, no taxes will be paid for dividends paid by the Company in Hong Kong.

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

## RESERVES

Details of movements in the reserves of the Group and the Company as of December 31, 2025, are set out in the consolidated statement of changes in equity and note 31 to the financial statements, respectively.

## PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended December 31, 2025, are set out in note 13 to the financial statements.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales amount of the Group's major customers and purchase amount of the Group's major suppliers for the years ended December 31, 2024 and 2025, are as follows:

### Sales Amount

	2025	2024
— The largest customer	<b>26.5%</b>	34.8%
— Total of the five largest customers	<b>63.4%</b>	74.4%

The Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital (excluding treasury shares, if any)) do not have any interest in any of the abovementioned customers.

### Purchase Amount

In 2025, the procurement amounts from the Company's five largest suppliers accounted for 24.2% of the Group's total procurement amount (2024: 23.6%).

## EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreement throughout the year and no such agreement had been entered or subsisted during and at the end of the Reporting Period.

## PERMITTED INDEMNITY PROVISION

The Company maintained appropriate liability insurance for Directors and officers of the Company and such permitted indemnity provision for the benefit of Directors is still in force. Apart from this, the Company had no other valid permitted indemnity provisions from the Listing Date to the end of the Reporting Period and at the time of approval as at the date of this annual report.

## DONATION

For the year ended December 31, 2025, the Group made charitable and other donations totaling RMB0.35 million (2024: RMB0.21 million).

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended December 31, 2025.

# Directors' Report

## DIRECTORS

### Executive Directors

Mr. XIAO Guowei David (*Chairperson of the Board*)

Mr. HOU Yu (*President*) (*appointed on 29 May 2025*)

### Non-executive Directors

Mr. CHAN Philip Ching Ho

Mr. YUAN Lie Ming Peter

Mr. HUANG Guansheng (*appointed on May 29, 2025*)

Mr. WU Nan-Yang (*resigned on May 29, 2025*)

Mr. ZHENG Xin (*resigned on May 29, 2025*)

### Independent Non-executive Directors

Ms. ZHANG He

Ms. LIN Nan

Ms. DING Hui

Mr. CHAN Chi Kong

## Directors' and Supervisors' Service Contracts

Pursuant to the requirements of the Articles of Association, Directors (including non-executive Directors) shall be elected at the Shareholders' meeting for a term of three years. A Director shall be eligible for re-election on the expiry of each term. The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the Shareholders' meeting of the Company.

Each of the executive Directors, non-executive Directors, independent non-executive Directors and Supervisors has entered into a service contract or letter of appointment with the Company with a specific term. Such term is subject to his or her retirement and re-election at the Shareholders' meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

## Directors' Interests in Competing Business

During the year ended December 31, 2025, none of the Directors or their respective close associates (as defined under the Listing Rules) had interests in business that competed or was likely to compete, either directly or indirectly with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## CONNECTED TRANSACTIONS

### Connected Transaction

#### **Subscription For International Offer Shares in Caocao Inc.**

On June 18, 2025 (after trading hours), the Company placed the order through brokers to subscribe for the International Offer Shares in the International Offering of CaoCao Inc. (the “**Subscription**”), and 374,200 International Offer Shares have been allocated to the Company. The total Subscription monies paid by the Company is approximately HK\$16 million, comprising the aggregate of Offer Price of all Subscription Shares allocated and customary fees and commissions (including SFC transaction levy, Stock Exchange trading fee, AFRC transaction levy and other brokerage commissions and fees).

CaoCao Inc. was held as to approximately 83.9% by Ugo Investment Limited, which in turn is wholly owned by Mr. LI Shufu (李書福). Mr. LI Shufu is the father of Mr. LI Xingxing (李星星), who is a substantial shareholder of the Company by virtue of his interest in Yaoning Technology, hence, each of Mr. LI Shufu and CaoCao Inc. is an associate of Mr. LI Xingxing. Therefore CaoCao Inc. is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The purpose of the Subscription is to formulate the investment strategy of the Company and to identify potential opportunities within the capital markets, through equity cooperation to strengthen industrial synergy, the Company aimed to generate investment returns within an acceptable risk level and to enhance Shareholders' value.

Please refer to the announcements of the Company dated June 18, 2025 and June 25, 2025 for further details.

### Continuing Connected Transactions

Details of the Group's continuing connected transactions (the “**Continuing Connected Transactions**”) are set out as follows:

#### **I. Supply Framework Agreement**

The Group had entered into the products and services supply framework agreement with Geely Group, a connected person of the Company (the “**Supply Framework Agreement**”) on October 12, 2024, pursuant to which our Group may, from time to time, provide Geely Group with the intelligent automotive vision products, including the relevant prototypes and spare parts, and development services. Geely Holding is indirectly held as to over 50% by Mr. LI Shufu, the father-in-law of Mr. ZHENG Xin, a previous non-executive Director who retired in the past 12 months, and the father of Mr. LI Xingxing, who is a substantial Shareholder of our Company by virtue of his interest in Yaoning Technology. We have established continuous and stable cooperation relationship with Geely Group since 2018. Through the cooperations, our Group and Geely Group have acquired a comprehensive understanding of the business and operational requirements of each other, which helped build mutual trust and reduced communication costs. The transactions also enable us to keep pace with the evolving markets so that we could consistently enhance our offerings to meet customers' demands. The Supply Framework Agreement has an initial term commencing on the Listing Date and ending on December 31, 2026, and may be renewed as the parties mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

For the year ended December 31, 2025 and for the year ended December 31, 2026, the annual caps for the above-mentioned continuing connected transactions were RMB1,218 million and RMB1,255 million, respectively, and the actual transaction amount for the year ended December 31, 2025 was approximately RMB643.3 million. For further details, please refer to the prospectus of our Company.

## Directors' Report

### II. *Procurement Framework Agreement*

The Group had entered into the procurement framework agreement with Geely Group (the "**Procurement Framework Agreement**") on October 12, 2024, pursuant to which the Group may, from time to time, procure from Geely Group certain services and products, including but not limited to warehousing and other services, such as consultancy services for assistance in project application (the "**Procurement**"). Based on its experience in cooperations with Geely Group in respect of the Procurement, the Company considers that Geely Group is capable of effectively and stably satisfying the Company's demands with quality services. The Procurement Framework Agreement has an initial term commencing on the Listing Date and ending on December 31, 2026, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Please refer to the Prospectus of the Company for further details.

The annual caps under the procurement framework agreement entered into between the Company and Geely Group for procurement of warehousing services and other services (originally executed on October 12, 2024) have been revised during 2025. Given that Geely Group is an important customer of the Company and its procurement requirements have exceeded initial expectations, the annual caps under the framework agreement have been adjusted to: RMB13.45 million for the year ended December 31, 2025 and RMB16.05 million for the year ending December 31, 2026. This transaction constitutes a continuing connected transaction and has been disclosed and reported in accordance with the relevant requirements of the Listing Rules.

The actual transaction amount for the year ended December 31, 2025, was approximately RMB8.8 million. Please refer to the Prospectus of the Company and the announcement of the Company dated January 23, 2025 for further details.

The Directors (including all the independent non-executive Directors) have confirmed that the transactions contemplated under the Procurement Framework Agreement and the revised annual caps for the year ended December 31, 2025 and the year ended December 31, 2026, respectively, are fair and reasonable, are on normal commercial terms or better and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

### *Enhanced Internal Control Measures of Continuing Connected Transactions*

In order to ensure that the Company is in compliance with the applicable requirements of the Listing, the Company has taken the following measures to strengthen its internal control over continuing connected transactions during the reporting period:

- (a) The Company has trained and will continue to arrange regular training for its staff, including those from the business operations, finance, legal and compliance departments, to enhance their familiarity with the Listing Rules and to raise their awareness of compliance with the internal control procedures in relation to the Group's continuing connected transactions;
- (b) The Board and each of the internal departments (including the finance, legal and compliance, and business operations departments) will be jointly responsible for evaluating the terms under continuing connected transactions framework agreements, in particular the fairness and reasonableness of the pricing policy as well as the proposed annual caps under each transaction;
- (c) All members of the Group will be required to report to the finance department of the Company, which will closely monitor the actual transaction amounts of their continuing connected transactions on a monthly basis. If at any time the actual transaction amount reaches 80% of the proposed annual caps for the relevant continuing connected transaction, the finance department of the Company shall report to the senior management of the Company. The senior management shall seek advice from the Audit Committee and the Board shall consider taking appropriate measures, including but not limited to further revising the revised annual caps and complying with the relevant announcement and/or independent Shareholders' approval requirements (if necessary) in accordance with the Listing Rules; and

- (d) Before renewing, adding to the existing business and/or commencing new forms of business with any connected persons, the relevant business operations department should first report to the finance and compliance departments, and the senior management should assess whether the scope of the existing continuing connected transactions and the relevant proposed annual caps shall be revised and/or whether new framework agreements shall be entered into for such new transactions.

Save as disclosed in this annual report, during the year ended December 31, 2025, the Company had no connected transactions or continuing connected transactions which fell to be disclosed in accordance with Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions and continuing connected transactions.

### Confirmation of the Independent Non-Executive Directors

The independent non-executive Directors have reviewed the Continuing Connected Transactions as outlined above, and confirmed that such Continuing Connected Transactions had been entered into:

- (a) in the ordinary and usual course of business of our Group;
- (b) on normal commercial terms or better; and
- (c) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Confirmation of the Auditor

The Auditor has performed the relevant procedures regarding the Continuing Connected Transactions as outlined above in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 (Revised) Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

Based on the work performed, in respect of the disclosed Continuing Connected Transactions entered into by the Group during the Reporting Period as set out above, the Auditor confirms that:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board.
- b. for transactions involving the provision of goods or 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.
- c. nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

The Company has been provided with a copy of the auditor's letter in respect of the Group's continuing connected transactions for the year ended December 31, 2025.

# Directors' Report

## **RELATED PARTY TRANSACTIONS**

The related party transactions mentioned in Note 35 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions of the Company or fully exempted under Chapter 14A of the Listing Rules, except for those related party transactions between the Group and their connected persons as disclosed above, which constituted connected transactions or continuing connected transactions. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE**

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party, and in which a Director, a Supervisor or any entity in connection with any Director or Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

## **CONTRACTS WITH CONTROLLING SHAREHOLDERS**

Save as disclosed in this annual report, no other contract of significance was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries, whether for the provision of services or otherwise, during the Reporting Period.

## **TRANSACTIONS IN ITS SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules). As at 31 December 2025, the Company did not hold any treasury shares as defined under the Listing Rules.

## USE OF PROCEEDS FROM GLOBAL OFFERING

On November 8, 2024, the Company was successfully listed on the Hong Kong Stock Exchange. The net proceeds received by the Group from the Global Offering (after deducting underwriting fees and relevant expenses) amounted to HK\$79.04 million. The Company will apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and actual usage as of the end of the Reporting Period:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds (HK\$ million)	Utilised net proceeds as at December 31, 2025 (HK\$ million)	Unutilised net proceeds as at December 31, 2025 (HK\$ million)	Expected timeline for utilization of unutilized proceeds
Expanding our production capacity in intelligent automotive vision in an effort to continue promoting its development, meeting customer demands, optimising our geographic network and further increasing our market share.	70%	55.33	55.33	–	N/A
Technological innovation and product upgrades to continually improve our technologies, accelerate our research & development on cutting-edge technologies, optimize and expand our product pipeline and expand our research & development team.	20%	15.81	5.95	9.86	December 31, 2026 <sup>1</sup>
Working capital and for general corporate uses to support our day-to-day business operations and growth.	10%	7.90	4.63	3.27	December 31, 2026 <sup>1</sup>
	100%	79.04	65.91	13.13	

Note:

- (1) In response to industry technological iterations and the latest market trends, the implementation progress of the project has been appropriately optimized and adjusted to ensure the best return on investment. At present, the overall progress of the project is smooth, and it is expected that the unutilised proceeds will be fully utilized by December 31, 2026.

The expected timeline for utilising the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

There has been no change in the utilization of the net proceeds from the Global Offering since its Listing.

## TREASURY POLICY

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business operations; and (ii) maintain adequate liquidity to cover the Group's operation cash flows, and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

# Directors' Report

## EMOLUMENT POLICY

As at December 31, 2025, the total number of employees of the Group was 2,404 (2024: 2,459). Staff costs (including Directors' remuneration) of the Group for the Reporting Period amounted to approximately RMB397,007 thousand (2024: RMB356,729 thousand), and the total remuneration of the Group's Directors, Supervisors and senior management for the Reporting Period amounted to approximately RMB13,933 thousand (2024: RMB14,891 thousand).

Our success depends on our ability to attract, retain and motivate qualified personnel. We use various methods for our recruitment, including campus recruitment, internal and external recommendation and recruiting through headhunting firms or agents, to satisfy our demands for different types of talents, and we adopt high standards and stringent procedures in our recruitment to ensure the quality of new hiring. Our employees typically enter into standard labor contracts with us.

We provide competitive compensation packages. Remuneration packages for our employees mainly comprise basic salary and performance-based bonus. In addition, we are required under the PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowance up to a maximum amount specified by the local government. We set performance targets for our employees primarily based on their position and department, and we periodically review their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. To maintain and enhance the knowledge and skill levels of our workforce, we provide our employees with internal training, including orientation programs for new employees and technical training for existing employees. We also offer external training opportunities to our management team and other staff.

## REMUNERATION OF DIRECTORS, SUPERVISORS, AND THE FIVE HIGHEST-PAID EMPLOYEES

In compliance with the CG Code, the Company has established the Remuneration and Appraisal Committee to formulate remuneration policies. Details of the remuneration of the Directors, Supervisors, and chief executive are set out in Note 8 to the consolidated financial statements. None of the Directors, Supervisors, or chief executive waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors, Supervisors and chief executive or any of the five highest-paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Details of the five highest-paid individuals are set out in Note 9 to the consolidated financial statements.

## DIRECTORS', SUPERVISORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, the interests and short positions of the Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

### Long positions in the Shares or underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Class of Shares	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup> (%)
Mr. Xiao <sup>(2)(3)</sup>	Beneficial owner Interest held jointly with other persons	H Shares	1,056,000(L)	0.20
		Domestic Unlisted Shares	171,316,739 (L)	31.89
Mr. Chan <sup>(2)(3)(4)</sup>	Beneficial owner Interest held jointly with other persons	H Shares	64,162,835 (L)	11.94
		Domestic Unlisted Shares	286,000 (L)	0.05
Mr. Yuan <sup>(2)(3)</sup>	Beneficial owner Interest held jointly with other persons	Domestic Unlisted Shares	171,316,739 (L)	31.89
		H Shares	64,932,835 (L)	12.09
Mr. Hou Yu <sup>(5)</sup>	Interest of spouse	H Shares	352,000 (L)	0.07
		Domestic Unlisted Shares	171,316,739 (L)	31.89
		H Shares	64,866,835 (L)	12.08
		Domestic Unlisted Shares	3,500,000 (L)	0.65
		H Shares	1,500,000 (L)	0.28

#### Notes:

- (1) The letter "L" denotes the person's long position in the Shares. The calculation is based on the total number of 537,146,709 Shares in issue (excluding treasury shares, if any) as at December 31, 2025.
- (2) To the best knowledge of the Directors, as of December 31, 2025, Advanced Photoelectronic was held as to (i) 11.14% by Mr. Xiao, (ii) 17.76% by APTESS Company Limited ("APTESS"), which is wholly owned by Mr. Xiao, (iii) 32.66% by Giant Power Limited, which is wholly owned by Mr. Yuan, (iv) 3.91% by Mr. Chan, (v) 1.74% by Ms. Loh, spouse of Mr. Chan, and (vi) 32.79% by other Shareholders, none of which held more than one third therein.
- (3) Pursuant to the acting-in-concert agreement dated January 1, 2021, Mr. Xiao, Mr. Chan, Mr. Yuan, APTESS, Giant Power Limited are parties acting in concert in respect of their shareholding interests in Advanced Photoelectronic and/or our Company. Therefore, each of Mr. Xiao, Mr. Chan, Mr. Yuan, APTESS and Giant Power Limited is deemed to be interested in the interest of each other under the SFO.

As of December 31, 2025, Mr. Xiao was the general partner of Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment. Therefore, Mr. Xiao is deemed to be interested in the 14,105,000, 6,567,670, 5,279,328 and 6,581,700 Shares held by each of Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment in the Company, respectively. Pursuant to

## Directors' Report

the acting-in-concert agreement dated December 8, 2023, Advanced Photoelectronic, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment are parties acting in concert. Therefore, each of Advanced Photoelectronic, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment is deemed to be interested in the interest of each other under the SFO.

As of December 31, 2025, 1,056,000 H Shares, 352,000 H Shares and 286,000 Shares were personally held by Mr. Xiao, Mr. Yuan and Mr. Chan respectively. Therefore, Mr. Xiao, Mr. Chan, Mr. Yuan, Advanced Photoelectronic, APTESS, Giant Power Limited, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment are deemed to be interested in 65,218,835 H Shares collectively according to the acting-in concert agreements as mentioned.

- (4) Mr. Chan and Ms. Loh are spouses, and hence are deemed to be interested in the interest of each other under the SFO.
- (5) Mr. Hou Yu and Ms. Gao Tao are spouses, and hence are deemed to be interested in the interest of each other under the SFO.

Save as disclosed above, as at December 31, 2025, to the best knowledge of the Directors, Supervisors or the chief executive officer of the Company, none of the Directors, Supervisors or chief executive officer of the Company had or was deemed to have any interests 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 SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2025, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company) or entities had an interest or a short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholder	Capacity/ Nature of Interest	Class of Shares	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup> (%)
Advanced Photoelectronic <sup>(2)(3)</sup>	Beneficial owner	Domestic Unlisted Shares	149,824,524 (L)	27.89
		H Shares	52,483,352 (L)	9.77
	Interest held jointly with other persons	Domestic Unlisted Shares	21,492,215 (L)	4.00
		H Shares	12,735,483 (L)	2.37
Jingyu Investment <sup>(2)(3)</sup>	Beneficial owner	Domestic Unlisted Shares	8,316,000 (L)	1.55
		H Shares	5,789,000 (L)	1.08
	Interest held jointly with other persons	Domestic Unlisted Shares	163,000,739 (L)	30.35
		H Shares	59,429,835 (L)	11.06

## Directors' Report

Name of Substantial Shareholder	Capacity/ Nature of Interest	Class of Shares	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup> (%)
Jingshi Investment <sup>(2)(3)</sup>	Beneficial owner	Domestic Unlisted Shares	2,778,790 (L)	0.52
		H Shares	3,802,910 (L)	0.71
	Interest held jointly with other persons	Domestic Unlisted Shares	168,537,949 (L)	31.38
		H Shares	61,415,925 (L)	11.43
Jingling Investment <sup>(2)(3)</sup>	Beneficial owner	Domestic Unlisted Shares	6,200,617 (L)	1.15
		H Shares	367,053 (L)	0.07
	Interest held jointly with other persons	Domestic Unlisted Shares	165,116,122 (L)	30.74
		H Shares	64,851,782 (L)	12.07
Jingrui Investment <sup>(2)(3)</sup>	Beneficial owner	Domestic Unlisted Shares	4,196,808 (L)	0.78
		H Shares	1,082,520 (L)	0.20
	Interest held jointly with other persons	Domestic Unlisted Shares	167,119,931 (L)	31.11
		H Shares	64,136,315 (L)	11.94
APTESS <sup>(2)(3)</sup>	Interest held jointly with other persons	Domestic Unlisted Shares	171,316,739 (L)	31.89
		H Shares	65,218,835 (L)	12.14
Ms. Loh <sup>(4)</sup>	Interest of spouse	Domestic Unlisted Shares	171,316,739 (L)	31.89
		H Shares	65,218,835 (L)	12.14
Giant Power Limited <sup>(2)(3)</sup>	Interest held jointly with other persons	Domestic Unlisted Shares	171,316,739 (L)	31.89
		H Shares	65,218,835 (L)	12.14
Yaoning Technology <sup>(5)</sup>	Beneficial owner	Domestic Unlisted Shares	34,291,286 (L)	6.38
		H Shares	34,291,287 (L)	6.38

## Directors' Report

Name of Substantial Shareholder	Capacity/ Nature of Interest	Class of Shares	Number of Shares <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company <sup>(1)</sup> (%)
Ningbo Chunhuaqiushi Technology Co., Ltd. (寧波春畫秋時科技有限公司) (“ <b>Ningbo Chunhuaqiushi</b> ”) <sup>(5)</sup>	Interest in a controlled corporation	Domestic Unlisted Shares	34,291,286 (L)	6.38
		H Shares	34,291,287 (L)	6.38
Ningbo Meishan Bonded Port Area Angbu Investment Co., Ltd. (寧波梅山保稅港區昂步投資有限公司) (“ <b>Angbu Investment</b> ”) <sup>(5)</sup>	Interest in a controlled corporation	Domestic Unlisted Shares	34,291,286 (L)	6.38
		H Shares	34,291,287 (L)	6.38
Mr. LI Xingxing <sup>(5)</sup>	Interest in a controlled corporation	Domestic Unlisted Shares	34,291,286 (L)	6.38
		H Shares	34,291,287 (L)	6.38
Guangdong Yueke Finance Investment Co., Ltd. (廣東省粵科財政股權投資有限公司) (“ <b>Yueke Investment</b> ”) <sup>(6)</sup>	Beneficial owner	Domestic Unlisted Shares	23,712,360 (L)	4.41
Guangdong Technology Financial Group Co., Ltd. (廣東省粵科金融集團有限公司) (“ <b>Yueke Group</b> ”) <sup>(6)</sup>	Interest in a controlled corporation	Domestic Unlisted Shares	32,408,013 (L)	6.03
Guangdong Yuecai Investment Holding Co., Ltd. (廣東粵財投資控股有限公司) (“ <b>Yuecai Holding</b> ”) <sup>(7)</sup>	Interest in a controlled corporation	H Shares	15,522,243 (L)	2.89
SU Yongchun (蘇永春) <sup>(8)</sup>	Interest in a controlled corporation	H Shares	13,290,000 (L)	2.47

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares. The calculation is based on the total number of 537,146,709 Shares in issue (excluding treasury shares, if any) as at December 31, 2025.
- (2) To the best knowledge of the Directors, as of December 31, 2025, Advanced Photoelectronic was held as to (i) 11.14% by Mr. Xiao, (ii) 17.76% by APTESS, which is wholly-owned by Mr. Xiao, (iii) 32.66% by Giant Power Limited, which is wholly-owned by Mr. Yuan, (iv) 3.91% by Mr. Chan, (v) 1.74% by Ms. Loh, spouse of Mr. Chan, and (vi) 32.79% by other Shareholders, none of which held more than one third therein.
- (3) Pursuant to the acting-in-concert agreement dated January 1, 2021, Mr. Xiao, Mr. Chan, Mr. Yuan, APTESS, Giant Power Limited are parties acting in concert in respect of their shareholding interests in Advanced Photoelectronic and/or our Company. Therefore, each of Mr. Xiao, Mr. Chan, Mr. Yuan, APTESS and Giant Power Limited is deemed to be interested in the interest of each other under the SFO.

As of December 31, 2025, Mr. Xiao was the general partner of Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment. Therefore, Mr. Xiao is deemed to be interested in the 14,105,000, 6,567,670, 5,279,328 and 6,581,700 Shares held by each of Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment in the Company, respectively. Pursuant to the acting-in-concert agreement dated December 8, 2023, Advanced Photoelectronic, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment are parties acting in concert. Therefore, each of Advanced Photoelectronic, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment is deemed to be interested in the interest of each other under the SFO.

As of December 31, 2025, 1,056,000 H Shares, 352,000 H Shares and 286,000 Shares were personally held by Mr. Xiao, Mr. Yuan and Mr. Chan respectively. Therefore, Mr. Xiao, Mr. Chan, Mr. Yuan, Advanced Photoelectronic, APTESS, Giant Power Limited, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment are deemed to be interested in 65,218,835 H Shares collectively according to the acting-in concert agreements as mentioned.

- (4) Mr. Chan and Ms. Loh are spouses, and hence are deemed to be interested in the interest of each other under the SFO.
- (5) As of December 31, 2025, Yaoning Technology was owned as to 85% by Ningbo Chunhuaqiushi, which was owned as to 95% by Angbu Investment, which was in turn wholly-owned by Mr. LI Xingxing. Therefore, Mr. LI Xingxing, Angbu Investment and Ningbo Chunhuaqiushi is deemed to be interested in the Shares held by Yaoning Technology.
- (6) As of December 31, 2025, Yueke Investment was wholly-owned by Yueke Group, and Guangdong Technology Venture Capital Co., Ltd. (廣東省科技風險投資有限公司) (“**Guangdong Technology VC**”) was owned as to 80% by Yueke Group. Therefore, Yueke Group is deemed to be interested in the Shares held by Yueke Investment and the 8,695,653 Shares held by Guangdong Technology VC.
- (7) As of December 31, 2025, Guangzhou Yuecai Yuanhe Venture Capital Partnership (Limited Partnership) (廣州粵財源合創業投資合夥企業(有限合夥)) (“**Yuecai Yuanhe**”), Guangdong Yuecai Emerging Industry Equity Investment Fund Partnership (L.P.) (廣東粵財新興產業股權投資基金合夥企業(有限合夥)) (“**Yuecai Emerging**”), Guangzhou Chuangying Jianke Investment Partnership (L.P.) (廣州創盈健科投資合夥企業(有限合夥)) (“**Chuangying Jianke**”), Guangdong SME Equity Investment Fund Limited (廣東中小企業股權投資基金有限公司) (“**SME Fund**”) and Zhuhai Hengqin Yixingbanyue Investment Partnership (L.P.) (珠海橫琴依星伴月投資合夥企業(有限合夥)) (“**Yixingbanyue**”) were private equity funds, the fund managers of which were all controlled by Yuecai Holding. Therefore, Yuecai Holding is deemed to be interested in the Shares held by each of Yuecai Yuanhe, Yuecai Emerging, Chuangying Jianke, SME Fund and Yixingbanyue.
- (8) As of December 31, 2025, SU Yongchun was the general partner of Xinyu Dingdekai Investment Management Centre (Limited Partnership) (新余鼎德凱投資管理中心(有限合夥)) (“**Dingdekai**”) and Xinyu Guanmaoyuan Investment Management Center (Limited Partnership) (新余官茂原投資管理中心(有限合夥)) (“**Guanmaoyuan**”). Therefore, SU Yongchun is deemed to be interested in the Shares held by Dingdekai and Guanmaoyuan.

Save as disclosed above, as at December 31, 2025, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) or entities who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

# Directors' Report

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements 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; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC which oblige the Company to offer pre-emptive rights of new shares to existing Shareholders on their shareholding proportion.

## TAX RELIEF AND EXEMPTION

The Group is not aware of any tax relief and exemption to the holders of any securities of the Company as a result of their holding of such securities.

## CONTINUING DISCLOSURE OBLIGATIONS UNDER RULES 13.20, 13.21 AND 13.22 OF THE LISTING RULES

The Company did not have any continuing disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules during the Reporting Period.

## PENSION SCHEME

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

## SHARE INCENTIVE SCHEMES

The Share Incentive Schemes do not constitute a share scheme under Chapter 17 of the Listing Rules and during the Reporting Period, were carried out through the Share Incentive Schemes, which did not involve the Company directly issuing new Shares to the participants of the Share Incentive Schemes (the "**Participants**"). After the grant of the awards of the Share Incentive Scheme I, the Share Incentive Scheme II and the Share Incentive Scheme III, the Participants of the respective Share Incentive Schemes have become limited partners of Jingyu Investment, Jingrui Investment or Jingshi Investment and Jingling Investment and are indirectly interested in the incentive shares under the terms and conditions contained in relevant agreements of Share Incentive Scheme I, Share Incentive Scheme II and Share Incentive Scheme III, respectively.

The awards of the Share Incentive Schemes are subject to regulatory lock-up requirement and a stipulated lock-up period commencing from the grant date until two years after the Listing Date. During the lock-up period of the Share Incentive Schemes, the Participants shall not dispose of, or request to dispose of, or transfer to external parties or the other Participants under the Share Incentive Schemes, their limited partnership interests in the employee shareholding platforms.

As of December 31, 2025, all of the restricted share units under the Share Incentives Schemes have been granted to certain eligible Participants as an award under the respective Share Incentive Schemes.

### **PUBLIC FLOAT**

Based on the publicly available information and to the best knowledge of the Directors, the Directors confirm that the Company has maintained the aforementioned minimum public float as required by the Stock Exchange during the Reporting Period and up to this annual report date.

### **REVIEW OF AUDITED ANNUAL RESULTS AND APPROVAL OF ANNUAL REPORT**

The Audit Committee has reviewed the audited annual results and the annual report of our Company for the year ended December 31, 2025.

The annual report and the consolidated financial statements of the Group for the year ended December 31, 2025 were approved and authorised for issue by the Board on March 25, 2026.

### **SUBSEQUENT EVENTS**

On 24 February 2026, approved by the Board, the Company, as a limited partner, jointly established an industrial fund with Wanlian Tianze and several state-owned capital institutions. The total committed capital contribution of the Company is RMB268 million, representing approximately 40.12% of the total committed capital contribution of the fund. For further details, please refer to the section of "Management Discussion and Analysis — Future Plans for Significant Investments and Capital Assets" in this annual report.

Save as disclosed above, after due and careful consideration, our Directors confirm that, there has not been any material adverse change in financial or trading position or prospects of the Company since December 31, 2025, and there has been no event since December 31, 2025 and up to this annual report date which would materially affect the information set out in this annual report.

# Directors' Report

## AUDITOR

The financial statements set out in this annual report have been audited by Ernst & Young. There has been no change in auditor of the Group since the Listing Date and up to the reporting date of this annual report.

For and on behalf of the Board  
**APT Electronics Co., Ltd.**

**XIAO Guowei David**

*Chairperson of the Board*

Hong Kong, March 25, 2026



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## To the shareholders of APT Electronics Co., Ltd.

(Registered in the People's Republic of China with limited liability)

### OPINION

We have audited the consolidated financial statements of APT Electronics Co., Ltd. (the **"Company"**) and its subsidiaries (the **"Group"**) set out on pages 67 to 141, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 (**"IASB"**) 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.

### KEY AUDIT MATTERS

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

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

# Independent Auditor's Report (continued)

## KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>For the year ended 31 December 2025, revenue of the Group in total was RMB2,431,138,000 of which revenue from the sale of automotive intelligent vision products, advanced display products and high-end lighting products amounted to RMB992,362,000, RMB773,809,000 and RMB664,967,000, respectively.</p> <p>Revenue recognition is a key audit matter because the revenue amounts were significant to the consolidated financial statements as a whole. Besides, revenue is one of the performance indicators of the Group, and there is an inherent risk of management manipulating revenue recognition to achieve expected performance and meet earnings expectations among investors.</p> <p>The Group's disclosures relating to the revenue recognition are included in note 2.4, note 4, and note 5.</p>	<p>Our audit procedures in relation to the assessment of revenue recognition included the following:</p> <ul style="list-style-type: none"><li>(a) obtaining our understanding of, assessing and testing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition;</li><li>(b) inspecting key customer contracts to identify terms and conditions relating to goods acceptance and assessing the Group's timing of recognition of revenue with reference to the requirements of the prevailing accounting standards;</li><li>(c) performing an analytical review of revenue to analyse the fluctuations in revenue and gross profit during the year;</li><li>(d) performing tests of details for revenue recognition, including but not limited to the invoices, customs declaration and delivery notes;</li><li>(e) performing cut-off tests of revenue before and after the year end, on a sample basis;</li><li>(f) performing alternative procedures for non-replied confirmations; and</li><li>(g) reviewing the disclosures of operating revenue in the notes to the consolidated financial statements.</li></ul>

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

# Independent Auditor's Report (continued)

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Independent Auditor's Report (continued)

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

#### *(Continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Hui Kin Fai, Stephen (practising certificate number: P04796).

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

25 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	5	<b>2,431,138</b>	2,592,064
Cost of sales		<b>(2,027,680)</b>	(2,121,518)
Gross profit		<b>403,458</b>	470,546
Other income and gains	5	<b>69,258</b>	24,346
Selling and marketing expenses		<b>(83,014)</b>	(54,987)
Administrative expenses		<b>(139,300)</b>	(174,095)
Research and development costs		<b>(115,166)</b>	(99,423)
Other expenses		<b>(42,335)</b>	(49,641)
Finance costs	7	<b>(4,442)</b>	(3,060)
<b>PROFIT BEFORE TAX</b>	6	<b>88,459</b>	113,686
Income tax expense	10	<b>(26,420)</b>	(8,822)
<b>PROFIT FOR THE YEAR</b>		<b>62,039</b>	104,864

# Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Financial assets at fair value through other comprehensive (loss)/income:			
Changes in fair value		1	(132)
Income tax effect		—	19
		1	(113)
Exchange differences on translation of foreign operations		(121)	120
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(120)	7
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		14	—
Income tax effect		(2)	—
		12	—
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		12	—
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>		<b>(108)</b>	7
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>61,931</b>	104,871
Profit attributable to:			
Owners of the parent		62,039	104,864
Total comprehensive income attributable to:			
Owners of the parent		61,931	104,871
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	0.12	0.21

# Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	1,003,999	836,859
Right-of-use assets	14	135,968	138,990
Goodwill	15	—	13,523
Other intangible assets	16	20,581	24,940
Deferred tax assets	17	14,170	36,224
Equity investments designated at fair value through other comprehensive income	18	10,014	—
Other non-current assets	21	41,262	9,446
Total non-current assets		1,225,994	1,059,982
<b>CURRENT ASSETS</b>			
Inventories	19	235,502	284,911
Trade and bills receivables	20	973,258	1,092,491
Contract assets		10,010	7,658
Prepayments, deposits and other receivables	21	28,217	25,043
Financial assets at fair value through profit or loss	22	68,532	42,613
Pledged deposits and time deposits	23	79,593	88,283
Cash and cash equivalents	23	463,735	500,534
Total current assets		1,858,847	2,041,533
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	24	986,639	1,178,783
Other payables and accruals	25	221,098	491,985
Tax payable		1,440	2,130
Contract liabilities	26	4,655	12,578
Interest-bearing bank borrowings	28	244,971	80,846
Lease liabilities	14	2,657	2,094
Total current liabilities		1,461,460	1,768,416
<b>NET CURRENT ASSETS</b>		397,387	273,117
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,623,381	1,333,099

## Consolidated Statement of Financial Position (continued)

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	28	<b>98,423</b>	14,415
Lease liabilities	14	<b>6,891</b>	5,801
Deferred income	27	<b>194,808</b>	11,268
Deferred tax liabilities	17	<b>5</b>	6,755
		<b>300,127</b>	38,239
Total non-current liabilities		<b>300,127</b>	38,239
Net assets		<b>1,323,254</b>	1,294,860
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	29	<b>537,147</b>	537,147
Reserves	31	<b>786,107</b>	757,713
Total equity		<b>1,323,254</b>	1,294,860

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XIAO Guowei David  
*Director*

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CHAN Philip Ching Ho  
*Director*

# Consolidated Statement of Changes in Equity

31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 29)	Capital reserve* RMB'000 (note 31)	Share-based payment reserve* RMB'000 (note 30)	Foreign currency translation reserve* RMB'000 (note 31)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Special reserve – safety fund* RMB'000 (note 31)	Statutory reserve* RMB'000 (note 31)	Retained profits* RMB'000	Total equity RMB'000
At 1 January 2024	480,078	192,492	8,987	159	(29)	7,011	29,410	308,255	1,026,363
Profit for the year	–	–	–	–	–	–	–	104,864	104,864
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	120	–	–	–	–	120
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	(113)	–	–	–	(113)
Total comprehensive income for the year	–	–	–	120	(113)	–	–	104,864	104,871
Share-based payments (note 30)	–	–	7,872	–	–	–	–	–	7,872
Deferred tax on share-based payments	–	–	452	–	–	–	–	–	452
Profit appropriations to statutory reserve	–	–	–	–	–	–	5,810	(5,810)	–
Safety fund (note 31)	–	–	–	–	–	7,966	–	(7,966)	–
Issue of shares from initial public offering	38,640	73,491	–	–	–	–	–	–	112,131
Contributions from shareholders	18,429	24,742	–	–	–	–	–	–	43,171
At 31 December 2024	537,147	290,725	17,311	279	(142)	14,977	35,220	399,343	1,294,860

## Consolidated Statement of Changes in Equity (continued)

31 December 2025

	Attributable to owners of the parent								Total equity RMB'000
	Share capital RMB'000 (note 29)	Capital reserve* RMB'000 (note 31)	Share-based payment reserve* RMB'000 (note 30)	Foreign currency translation reserve* RMB'000 (note 31)	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Special reserve – safety fund* RMB'000 (note 31)	Statutory reserve* RMB'000 (note 31)	Retained profits* RMB'000	
At 1 January 2025	537,147	290,725	17,311	279	(142)	14,977	35,220	399,343	1,294,860
Profit for the year	–	–	–	–	–	–	–	62,039	62,039
Other comprehensive income for the year:									
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	12	–	–	–	12
Exchange differences on translation of foreign operations	–	–	–	(121)	–	–	–	–	(121)
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	1	–	–	–	1
Total comprehensive income for the year	–	–	–	(121)	13	–	–	62,039	61,931
Dividend declared (note 11)	–	–	–	–	–	–	–	(36,526)	(36,526)
Share-based payments (note 30)	–	–	3,441	–	–	–	–	–	3,441
Deferred tax on share-based payments	–	–	(452)	–	–	–	–	–	(452)
Profit appropriations to statutory reserve	–	–	–	–	–	–	10,094	(10,094)	–
Safety fund (note 31)	–	–	–	–	–	9,740	–	(9,740)	–
At 31 December 2025	537,147	290,725	20,300	158	(129)	24,717	45,314	405,022	1,323,254

\* These reserve accounts comprise the consolidated reserves of RMB786,107,000 (2024: RMB757,713,000) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>88,459</b>	113,686
Adjustments for:			
Finance costs	7	<b>4,442</b>	3,060
Interest income	5	<b>(8,717)</b>	(6,016)
Depreciation of property, plant and equipment	13	<b>117,164</b>	143,413
Amortisation of intangible assets	16	<b>8,374</b>	10,016
Depreciation of right-of-use assets	14	<b>6,901</b>	3,704
Net loss on disposal of property, plant and equipment	6	<b>1,024</b>	4,686
Gain on revision of lease terms	6	<b>(103)</b>	—
Fair value loss/(gain) on financial assets at fair value through profit or loss	6	<b>2,035</b>	(1,300)
Write-down of inventories to net realisable value	6	<b>19,899</b>	22,068
Investment income from financial assets at fair value through profit or loss	5	<b>(9,495)</b>	(2,628)
(Reversal of impairment)/impairment losses of financial assets and contract assets, net	6	<b>(632)</b>	8,651
Impairment of property, plant and equipment	6	<b>214</b>	13,819
Impairment of other intangible assets	6	<b>7</b>	—
Impairment of right-of-use assets	6	<b>77</b>	—
Impairment of goodwill	6	<b>13,523</b>	—
Share-based payment expenses		<b>3,441</b>	7,872
Decrease/(increase) in inventories		<b>29,510</b>	(90,953)
Decrease/(increase) in trade and bills receivables		<b>119,857</b>	(433,176)
Increase in contract assets		<b>(2,400)</b>	(2,259)
Increase in prepayments, deposits and other receivables		<b>(1,618)</b>	(8,511)
(Decrease)/increase in trade and bills payables		<b>(291,044)</b>	413,239
(Decrease)/increase in other payables and accruals		<b>(171,180)</b>	51,498
Decrease in contract liabilities		<b>(7,923)</b>	(1,418)
Increase/(decrease) in deferred income		<b>183,540</b>	(3,039)
Cash generated from operations		<b>105,355</b>	246,412
Interest received		<b>8,717</b>	6,016
Income taxes paid		<b>(7,740)</b>	(10,646)
Net cash flows from operating activities		<b>106,332</b>	241,782

## Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash flows from operating activities		<b>106,332</b>	241,782
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of items of property, plant and equipment		<b>1,134</b>	940
Purchases of items of property, plant and equipment		<b>(324,946)</b>	(183,409)
Purchases of intangible assets		<b>(4,263)</b>	(8,678)
Acquisition of leasehold land		—	(57,196)
Purchases of equity investments designated at fair value through other comprehensive income		<b>(10,000)</b>	—
Proceeds from disposal of financial assets at fair value through profit or loss		<b>1,732,015</b>	1,317,865
Purchases of financial assets at fair value through profit or loss		<b>(1,759,880)</b>	(1,171,700)
Placement of pledged deposits and time deposits		<b>(342,854)</b>	(242,208)
Withdrawal of pledged deposits		<b>351,979</b>	220,966
Investment income from financial assets at fair value through profit or loss		<b>9,407</b>	2,628
Net cash flows used in investing activities		<b>(347,408)</b>	(120,792)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank borrowings	32	<b>367,619</b>	54,710
Capital contribution from shareholders		—	43,171
Proceeds from issue of shares from initial public offering		—	128,485
Repayment of bank borrowings	32	<b>(119,597)</b>	(39,400)
Interest paid	32	<b>(3,941)</b>	(2,913)
Payment of lease liabilities		<b>(2,777)</b>	(1,444)
Dividends paid		<b>(36,526)</b>	—
Payment of listing expenses		—	(14,638)
Net cash flows from financing activities		<b>204,778</b>	167,971
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<b>500,534</b>	209,878
Effect of foreign exchange rate changes, net		<b>(501)</b>	1,695
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>463,735</b>	500,534
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	<b>543,328</b>	588,817
Less: Pledged deposits and time deposits	23	<b>79,593</b>	88,283
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	23	<b>463,735</b>	500,534

# Notes to the Consolidated Financial Statements

Year ended 31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at 33 South Huanshi Avenue, Nansha District, Guangzhou, Guangdong Province, China.

During the year, the Group was involved in the following principal activities:

- manufacture and sale of light-emitting diode ("LED") related products
- manufacture and sale of automotive intelligent vision products

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
聯晶智能電子有限公司 Linlux Electronics Co., Ltd.*	PRC/ Chinese mainland 9 October 2018	RMB250,000,000	100%	—	Manufacture and sale of LED-related modules
晶科光電科技(香港)有限公司 APT Electronics (HK) Co., Limited	Hong Kong 26 June 2017	US\$5,000,000	100%	—	Manufacture and sale of research and development
領為視覺智能科技(寧波)有限公司 Lynway Vision Technology (NB) Co., Ltd.* ("Lynway Vision")	PRC/ Chinese mainland 26 October 2018	RMB104,100,000	100%	—	Manufacture and sale of automotive intelligent vision products
領為視覺汽車零部件(廣州)有限公司 Lynway Vision Automobile Parts (Guangzhou) Co., Ltd.*	PRC/ Chinese mainland 17 June 2024	RMB250,000,000	100%	—	Manufacture and sale of automotive intelligent vision products

\* The English names of the above companies registered in the PRC represent the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations) as issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value through profit or loss, or other comprehensive income. They are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

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

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

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

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

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- **IFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

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

### 2.4 MATERIAL ACCOUNTING POLICIES

#### ***Business combinations and goodwill***

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

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

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

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

#### ***Fair value measurement***

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Fair value measurement** (Continued)

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### **Impairment of non-financial assets**

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Related parties**

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

#### **Property, plant and equipment and depreciation**

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Property, plant and equipment and depreciation (Continued)**

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

Buildings	4.75% to 4.85%
Machinery and others	9.50% to 32.33%
Leasehold improvements	Over the shorter of the lease terms and 33.33%

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

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

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

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

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	3 to 10 years
Trademarks and patents	3 to 16 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Research and development costs**

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

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

#### **Leases**

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

#### *Group as a lessee*

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

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

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

Buildings	3 to 5 years
Leasehold land	20 to 50 years

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### *Leases (Continued)*

##### *Group as a lessee (Continued)*

#### (b) Lease liabilities

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

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

#### (c) Short-term leases

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

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

##### *Group as a lessor*

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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

##### *Initial recognition and measurement*

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

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

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

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

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

##### *Subsequent measurement*

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

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

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

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

For financial assets at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

#### **Derecognition of financial assets**

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

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

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

#### **Impairment of financial assets**

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Impairment of financial assets** (Continued)

##### *General approach*

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

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

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

##### *Simplified approach*

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Financial liabilities**

##### *Initial recognition and measurement*

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

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

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

##### *Subsequent measurement*

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

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

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

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

#### **Derecognition of financial liabilities**

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

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

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. The amount of write-down of inventories to net realisable value and all losses of inventories are recognised as other expenses in the period the write-down or loss occurs.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Cash and cash equivalents**

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

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

#### **Provisions**

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

The Group provides for warranties in relation to the sale of intelligent vision products and systems. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

#### **Income tax**

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

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

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

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Income tax** (Continued)

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

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

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

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

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

#### **Government grants**

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Revenue recognition**

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

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

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

##### *Sale of intelligent vision products and systems*

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

##### *Volume rebates*

Retrospective volume rebates may be provided to certain customers once the quantity of products and systems purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

##### *Rendering of services*

Revenue from automotive intelligent vision development services is primarily generated through the development of several intelligent automotive projects and is recognised at a point in time as the control of services is delivered to the customer.

##### *Other income*

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

Rental income is recognised on a time proportion basis over the lease terms.

#### **Contract assets**

If the Group performs by transferring goods to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Contract liabilities**

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

#### **Contract costs**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

#### **Employee benefits**

##### *Pension scheme*

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

##### *Housing fund — Chinese mainland*

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

#### **Borrowing costs**

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### **Share-based payments**

The Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

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

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

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

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 2. ACCOUNTING POLICIES (Continued)

### 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

#### **Foreign currencies**

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

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of one overseas subsidiary is a currency other than RMB. As at the end of the reporting period, the assets and liabilities of this entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rate for the year.

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

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB231,323,000 (2024: RMB129,343,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB38,729,000 (2024: RMB20,826,000). Further details on deferred tax are disclosed in note 17 to the financial statements.

#### *Estimation uncertainty*

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

#### *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### **Provision for expected credit losses on trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

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

#### **Write-down of inventories to net realisable value**

The Group reviews the carrying amounts of the inventories at the end of the year to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group's financial position.

#### **Leases — Estimating the incremental borrowing rate**

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

#### **Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### Estimation uncertainty (Continued)

#### Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the waiting period. Share-based payment expenses are recognised based on the fair value at the grant date and the latest subsequent information obtained. The Group has evaluated the fair value of the equity instruments at the grant date based on the recent transaction price, and also estimated the number of exercisable equity instruments.

## 4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### Geographical information

#### (a) Revenue from external customers

Segments	2025 RMB'000	2024 RMB'000
Chinese mainland	1,946,563	2,138,033
Outside Chinese mainland	484,575	454,031
Total revenue	2,431,138	2,592,064

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

#### (b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	1,201,469	1,023,651
Outside Chinese mainland	341	107
Total non-current assets	1,201,810	1,023,758

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

### Information about major customers

Revenue from the major customers which individually amounted to 10% or more of the Group's revenue is set out below:

	2025 RMB'000	2024 RMB'000
Customer I	643,280	902,001
Customer II	377,645	446,489

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Revenue from contracts with customers	<b>2,431,138</b>	2,592,064

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>Types of products</b>		
Automotive intelligent vision	<b>992,362</b>	1,023,495
High-end lighting	<b>664,967</b>	761,471
Advanced display	<b>773,809</b>	807,098
Total	<b>2,431,138</b>	2,592,064
<b>Geographical markets</b>		
Chinese mainland	<b>1,946,563</b>	2,138,033
Outside Chinese mainland	<b>484,575</b>	454,031
Total	<b>2,431,138</b>	2,592,064
<b>Sales Channels</b>		
Direct sales	<b>2,287,124</b>	2,424,660
Channel partners	<b>144,014</b>	167,404
Total	<b>2,431,138</b>	2,592,064
Timing of revenue recognition		
Goods or services transferred at a point in time	<b>2,431,138</b>	2,592,064

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

#### Revenue from contracts with customers (Continued)

##### (a) Disaggregated revenue information (Continued)

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Automotive intelligent vision	<b>8,831</b>	—
High-end lighting	<b>247</b>	796
Advanced display	<b>235</b>	1,208
Total	<b>9,313</b>	2,004

##### (b) Performance obligations

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

###### *Sale of intelligent vision products and systems*

The performance obligation is satisfied upon delivery of the intelligent vision products and systems, and payment is generally due within 60 to 120 days from delivery, except for new customers and automotive intelligent vision development services, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<b>4,655</b>	12,578

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

#### Revenue from contracts with customers (Continued)

#### (b) Performance obligations (Continued)

Sale of intelligent vision products and systems (Continued)

An analysis of other income and gains is as follows:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Other income</b>		
Interest income	<b>8,717</b>	6,016
Government grants*	<b>45,273</b>	4,900
Rental income	—	276
Others	<b>5,773</b>	6,819
Total other income	<b>59,763</b>	18,011
<b>Gains</b>		
Foreign exchange differences, net	—	2,407
Investment income from financial assets at FVTPL	<b>9,495</b>	2,628
Fair value gains on financial assets at FVTPL	—	1,300
Total gains	<b>9,495</b>	6,335
Total other income and gains	<b>69,258</b>	24,346

\* Government grants mainly represent incentives received from local governments for the purpose of compensation on research and development contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		<b>2,017,221</b>	2,118,839
Cost of services provided		<b>10,459</b>	2,679
Depreciation of property, plant and equipment	13	<b>117,164</b>	143,413
Depreciation of right-of-use assets	14(a)	<b>6,901</b>	3,704
Amortisation of intangible assets	16	<b>8,374</b>	10,016
Lease payments not included in the measurement of lease liabilities	14(c)	<b>211</b>	477
Listing expenses		<b>—</b>	32,612
Auditor's remuneration		<b>1,700</b>	1,700
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration (note 8)):			
Wages, salaries and other allowances		<b>343,023</b>	306,440
Pension scheme contributions and social welfare*		<b>43,612</b>	35,894
Share-based payment expenses		<b>1,391</b>	4,761
<b>Total</b>		<b>388,026</b>	347,095
(Reversal of impairment)/impairment losses			
on financial assets and contract assets, net		<b>(632)</b>	8,651
Write-down of inventories to net realisable value		<b>19,899</b>	22,068
Impairment losses on property, plant and equipment		<b>214</b>	13,819
Impairment of intangible assets		<b>7</b>	—
Impairment of right-of-use assets		<b>77</b>	—
Impairment of goodwill		<b>13,523</b>	—
Loss/(gain) on foreign exchange differences		<b>5,040</b>	(2,407)
Fair value loss/(gain) on financial assets at FVTPL		<b>2,035</b>	(1,300)
Gain on revision of lease terms		<b>(103)</b>	—
Loss on disposal of items of property, plant and equipment		<b>1,024</b>	4,686

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

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Interest on bank and other borrowings	<b>4,052</b>	2,911
Interest on lease liabilities	<b>390</b>	149
Total	<b>4,442</b>	3,060

### 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Fees	<b>709</b>	709
Other emoluments:		
Salaries, allowances and benefits in kind	<b>4,874</b>	4,706
Performance related bonuses	<b>1,153</b>	922
Share-based payment expenses	<b>2,050</b>	3,111
Pension scheme contributions	<b>195</b>	184
Subtotal	<b>8,272</b>	8,923
Total	<b>8,981</b>	9,632

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

#### (a) Independent non-executive directors

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

	2025 RMB'000	2024 RMB'000
Ms. ZHANG He	160	160
Ms. LIN Nan	160	160
Ms. DING Hui	160	160
Mr. CHAN Chi Kong	229	229
Total	<b>709</b>	709

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2025</b>						
<i>Executive directors:</i>						
Mr. XIAO Guowei	—	1,911	590	1,967	74	4,542
Mr. HOU Yu (note i)	—	1,861	392	83	74	2,410
Subtotal	—	3,772	982	2,050	148	6,952
<i>Non-executive directors:</i>						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang (note ii)	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Mr. ZHENG Xin (note ii)	—	—	—	—	—	—
Mr. HUANG Guansheng (note iii)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
<i>Supervisors:</i>						
Mr. OU Weineng (note iv)	—	1,102	171	—	47	1,320
Ms. LUO Xiaoyun	—	—	—	—	—	—
Mr. LI Wenhong	—	—	—	—	—	—
Subtotal	—	1,102	171	—	47	1,320
Total	—	4,874	1,153	2,050	195	8,272

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payment expenses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
<b>2024</b>						
<i>Executive director:</i>						
Mr. XIAO Guowei	—	1,691	501	2,693	71	4,956
<i>Non-executive directors:</i>						
Mr. YUAN Lie Ming Peter	—	—	—	—	—	—
Mr. WU Nan-Yang (note ii)	—	—	—	—	—	—
Mr. CHAN Philip Ching Ho	—	—	—	—	—	—
Mr. ZHENG Xin (note ii)	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
<i>Chief executive:</i>						
Mr. HOU Yu (note i)	—	1,694	320	352	70	2,436
<i>Supervisors:</i>						
Mr. OU Weineng (note iv)	—	1,321	101	66	43	1,531
Ms. LUO Xiaoyun	—	—	—	—	—	—
Mr. LI Wenhong	—	—	—	—	—	—
Subtotal	—	1,321	101	66	43	1,531
Total	—	4,706	922	3,111	184	8,923

*Notes:*

- (i) Mr. HOU Yu was the chief executive and was also appointed as the executive director in May 2025.
- (ii) Mr. WU Nan-Yang and Mr. ZHENG Xin resigned as non-executive directors in May 2025.
- (iii) Mr. HUANG Guansheng was appointed as a non-executive director in May 2025.
- (iv) Mr. OU Weineng did not receive any remuneration in his capacity as supervisor. However, he received remuneration for his services in additional roles beyond his supervisory duties for the reporting period.

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

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two executive directors (2024: one director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2024: three) highest paid employees who are neither director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,949	4,043
Performance related bonuses	762	729
Share-based payment expenses	231	923
Pension scheme contributions	177	173
Total	5,119	5,868

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

	2025	2024
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	1	2
Total	3	3

## 10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

### Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

### Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese mainland are subject to CIT at a rate of 25% on the taxable income, except for those which are subject to tax concession as set out below:

- In 2024, the Company was accredited as a High and New Technology Enterprise ("HNTE") with an effective period of consecutive three years. Therefore, the Company was entitled to a preferential CIT rate of 15% for the years ended 31 December 2025 and 2024.
- In 2022, a subsidiary of the Group was accredited as a HNTE. In 2025, the subsidiary renewed the accreditation as a HNTE with an effective period of consecutive three years. Therefore, the subsidiary was entitled to a preferential CIT rate of 15% for the years ended 31 December 2025 and 2024.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 10. INCOME TAX (Continued)

#### Chinese mainland (Continued)

- (c) In 2025 and 2024, pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation of the PRC on the Preferential Policies for Enterprise Income Tax in Guangzhou Nansha, a certain subsidiary located in Nansha pioneering area was entitled to a preferential CIT rate of 15% for the year ended 31 December 2025 and 2024.

The income tax expense of the Group for the year is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current income tax	11,570	8,488
Deferred income tax	14,850	334
Total	<b>26,420</b>	8,822

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdiction in which the Company and the majority of its subsidiaries are and/or operate to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	88,459	113,686
Tax at the statutory tax rate	13,269	17,053
Effect on different tax rates	3,050	(650)
Adjustments in respect of current tax of previous periods	(631)	1,221
Income not subject to tax	(342)	—
Expenses not deductible for tax	2,236	286
Additional deductible allowance for qualified research and development costs	(14,630)	(12,071)
Additional deductible allowance for disabled people	(53)	(108)
Deductible temporary differences not recognised	1,057	104
Utilisation of previously unrecognised tax losses and deductible temporary differences	—	(266)
Tax losses not recognised	22,464	3,253
Tax charge at the Group's effective tax rate	<b>26,420</b>	8,822

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 11. DIVIDEND

The final dividend of RMB0.68 (tax inclusive) per 10 ordinary share, equivalent to an aggregate amount of RMB36.53 million in respect of the year ended 31 December 2024 was approved in the annual general meeting of the Company, and paid on 13 August 2025.

Subsequent to the end of the Reporting Period, the Board recommends the payment of a final dividend of RMB0.40 (tax inclusive) per 10 ordinary Shares, equivalent to an aggregate amount of RMB21.49 million, for the year ended 31 December 2025, subject to the approval by the annual general meeting of the Company to be held by and before 30 June 2026. Such final dividend, once approved, is expected to be paid by 31 August 2026.

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

The calculation of the basic earnings per share amount is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

The following reflects the income and share data used in the basic earnings per share computation:

	2025	2024
Earnings:		
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation (RMB'000)	62,039	104,864
Number of shares:		
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation (in thousand shares)	537,147	504,102

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT

<b>31 December 2025</b>	<b>Buildings RMB'000</b>	<b>Machinery and others RMB'000</b>	<b>Leasehold improvements RMB'000</b>	<b>Construction in progress RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2025:					
Cost	497,835	843,227	1,261	58,492	1,400,815
Accumulated depreciation and impairment	(120,763)	(428,466)	(908)	(13,819)	(563,956)
Net carrying amount	<b>377,072</b>	<b>414,761</b>	<b>353</b>	<b>44,673</b>	<b>836,859</b>
At 1 January 2025, net of accumulated depreciation and impairment	<b>377,072</b>	<b>414,761</b>	<b>353</b>	<b>44,673</b>	<b>836,859</b>
Additions	14,648	3,042	—	268,756	286,446
Disposals	—	(1,928)	—	—	(1,928)
Transfers	—	128,323	—	(128,323)	—
Depreciation provided during the year	(30,326)	(86,485)	(353)	—	(117,164)
Impairment	(15)	(4)	—	(195)	(214)
At 31 December 2025, net of accumulated depreciation and impairment	<b>361,379</b>	<b>457,709</b>	<b>—</b>	<b>184,911</b>	<b>1,003,999</b>
At 31 December 2025:					
Cost	508,170	963,348	—	198,924	1,670,442
Accumulated depreciation and impairment	(146,791)	(505,639)	—	(14,013)	(666,443)
Net carrying amount	<b>361,379</b>	<b>457,709</b>	<b>—</b>	<b>184,911</b>	<b>1,003,999</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2024	Buildings RMB'000	Machinery and others RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:					
Cost	492,517	797,362	1,261	25,711	1,316,851
Accumulated depreciation	(98,439)	(340,875)	(485)	—	(439,799)
Net carrying amount	394,078	456,487	776	25,711	877,052
At 1 January 2024, net of accumulated depreciation	394,078	456,487	776	25,711	877,052
Additions	7,106	3,494	—	111,816	122,416
Disposals	—	(5,401)	—	—	(5,401)
Transfers	6,157	72,878	—	(79,035)	—
Exchange realignment	—	24	—	—	24
Depreciation provided during the year	(30,269)	(112,721)	(423)	—	(143,413)
Impairment	—	—	—	(13,819)	(13,819)
At 31 December 2024, net of accumulated depreciation and impairment	377,072	414,761	353	44,673	836,859
At 31 December 2024:					
Cost	497,835	843,227	1,261	58,492	1,400,815
Accumulated depreciation and impairment	(120,763)	(428,466)	(908)	(13,819)	(563,956)
Net carrying amount	377,072	414,761	353	44,673	836,859

At 31 December 2025, certain property, plant and equipment with a net carrying amount of approximately RMB227,823,000 (2024: RMB244,314,000) were pledged as security for bank facilities granted to the Group.

As at 31 December 2024, the Group was unable to reach an agreement with the customer for a certain project. Consequently, the specialised equipment acquired for this project could not generate any economic benefits, and the Group has recognised impairment losses in respect of these assets with amount of approximately RMB13,819,000.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 14. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms between 3 year and 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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

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

	Buildings RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	1,044	76,268	77,312
Additions	8,185	57,196	65,381
Depreciation charge (note 6)	(1,029)	(2,675)	(3,704)
Exchange realignment	1	—	1
	<b>8,201</b>	<b>130,789</b>	<b>138,990</b>
As at 31 December 2024 and 1 January 2025			
Additions	<b>6,449</b>	—	<b>6,449</b>
Revision of lease terms	<b>(2,492)</b>	—	<b>(2,492)</b>
Depreciation charge (note 6)	<b>(2,637)</b>	<b>(4,264)</b>	<b>(6,901)</b>
Impairment	—	<b>(77)</b>	<b>(77)</b>
Exchange realignment	<b>(1)</b>	—	<b>(1)</b>
	<b>9,520</b>	<b>126,448</b>	<b>135,968</b>
As at 31 December 2025			

At 31 December 2025, certain right-of use assets with a net carrying amount of approximately RMB54,972,000 (2024: Nil) were pledged as security for bank facilities granted to the Group.

#### (b) Lease liabilities

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

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	7,895	910
New leases	6,449	8,185
Accretion of interest recognised during the year (note 7)	390	149
Payments	(2,579)	(1,350)
Revision of lease terms	(2,595)	—
Exchange realignment	(12)	1
	<b>9,548</b>	7,895
Carrying amount at 31 December		
Analysed into:		
Current portion	2,657	2,094
Non-current portion	6,891	5,801

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 14. LEASES (Continued)

### The Group as a lessee (Continued)

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Interest on lease liabilities (note 7)	<b>390</b>	149
Depreciation charge of right-of-use assets (note 6)	<b>6,901</b>	3,704
Expense relating to short-term leases (note 6)	<b>211</b>	477
	<b>7,502</b>	4,330

## 15. GOODWILL

	RMB'000
At 1 January 2024:	
Cost	13,523
Accumulated impairment	—
Net carrying amount	13,523
At 31 December 2024:	
Cost	13,523
Accumulated impairment	—
Net carrying amount	13,523
Cost at 1 January 2025, net of accumulated impairment:	13,523
Impairment during the year	(13,523)
Cost and net carrying amount at 31 December 2025	—
At 31 December 2025:	
Cost	13,523
Accumulated impairment	(13,523)
Net carrying amount	—

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 15. GOODWILL (Continued)

### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit (“CGU”) for impairment testing due to the acquisition of Lynway Vision:

– Lynway Vision manufacturing and sales CGU

The recoverable amount of the Lynway Vision manufacturing and sales CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management.

The carrying amount of Lynway Vision manufacturing and sales cash-generating unit was impaired by RMB13,626,000 during the year ended 31 December 2025. Consequently, the carrying amounts of goodwill, property, plant and equipment, right-of-use assets and other intangible assets included in the CGU were written down by RMB13,523,000, RMB19,000, RMB77,000 and RMB7,000, respectively. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income. The recoverable amount of the cash-generating unit was RMB326,259,000 as at 31 December 2025. The impairment was attributable to the intense internal competition within the automotive industry and the resulting decline in prices along the upstream supply chain.

Assumptions were used in the value in use calculation of the Lynway Vision manufacturing and sales CGU for the end of each of the reporting period. The following are the key assumptions on which management has based to undertake impairment testing of goodwill:

	2025	2024
Compound growth rate of revenue over the forecast period	3.0%	5.2%
Pre-tax discount rate	13.4%	13.8%
Terminal growth rate	2%	2%

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, adjusted for management’s expectation of the future market.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Terminal growth rate — The basis is determined with reference to the long-term Consumer Price Index of China and the nature of the business.

The values assigned to the key assumptions on compound growth rate of revenue, discount rate and terminal growth rate are consistent with external information sources.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 16. OTHER INTANGIBLE ASSETS

<b>31 December 2025</b>	<b>Software RMB'000</b>	<b>Trademarks and patents RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2025:			
Cost	25,301	63,399	88,700
Accumulated amortisation	(7,348)	(56,412)	(63,760)
Net carrying amount	<b>17,953</b>	<b>6,987</b>	<b>24,940</b>
At 1 January 2025, net of accumulated amortisation	<b>17,953</b>	<b>6,987</b>	<b>24,940</b>
Additions	4,022	—	4,022
Amortisation provided during the year	(3,239)	(5,135)	(8,374)
Impairment	—	(7)	(7)
At 31 December 2025, net of accumulated amortisation	<b>18,736</b>	<b>1,845</b>	<b>20,581</b>
At 31 December 2025:			
Cost	29,323	63,399	92,722
Accumulated amortisation	(10,587)	(61,554)	(72,141)
Net carrying amount	<b>18,736</b>	<b>1,845</b>	<b>20,581</b>
31 December 2024	Software RMB'000	Trademarks and patents RMB'000	Total RMB'000
At 1 January 2024:			
Cost	17,212	63,302	80,514
Accumulated amortisation	(4,601)	(49,143)	(53,744)
Net carrying amount	12,611	14,159	26,770
At 1 January 2024, net of accumulated amortisation	12,611	14,159	26,770
Additions	8,089	97	8,186
Amortisation provided during the year	(2,747)	(7,269)	(10,016)
At 31 December 2024, net of accumulated amortisation	17,953	6,987	24,940
At 31 December 2024:			
Cost	25,301	63,399	88,700
Accumulated amortisation	(7,348)	(56,412)	(63,760)
Net carrying amount	17,953	6,987	24,940

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 17. DEFERRED TAX

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

#### Deferred tax assets

	Tax losses RMB'000	Accrued expenses RMB'000	Impairment of financial assets and inventories RMB'000	Leases RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	21,276	466	7,078	1,241	7,404	37,465
Deferred tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income during the year	(14,459)	302	(726)	231	(2,074)	(16,726)
Gross deferred tax assets at 31 December 2025	<b>6,817</b>	<b>768</b>	<b>6,352</b>	<b>1,472</b>	<b>5,330</b>	<b>20,739</b>
At 1 January 2024	26,931	997	5,521	136	3,589	37,174
Deferred tax (charged)/credited to the consolidated statement of profit or loss and other comprehensive income during the year	(5,655)	(531)	1,557	1,105	3,815	291
Gross deferred tax assets at 31 December 2024	21,276	466	7,078	1,241	7,404	37,465

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 17. DEFERRED TAX (Continued)

#### Deferred tax liabilities

	Appreciation of assets acquired in business combination RMB'000	Changes in fair value RMB'000	Accelerated depreciation of fixed assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	5,522	392	787	1,295	7,996
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the year	(650)	(290)	(657)	175	(1,422)
Gross deferred tax liabilities at 31 December 2025	<b>4,872</b>	<b>102</b>	<b>130</b>	<b>1,470</b>	<b>6,574</b>
At 1 January 2024	5,945	222	1,519	155	7,841
Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income during the year	(423)	170	(732)	1,140	155
Gross deferred tax liabilities at 31 December 2024	5,522	392	787	1,295	7,996

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	14,170	36,224
Net deferred tax liabilities recognised in the consolidated statement of financial position	5	6,755

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 17. DEFERRED TAX (Continued)

#### Deferred tax liabilities (Continued)

As at 31 December 2025 and 2024, the Group had tax losses arising in Hong Kong of RMB33,016,000 and RMB28,038,000, respectively, which are available indefinitely for offsetting against future taxable profits in which the losses arose.

As at 31 December 2025 and 2024, deferred tax assets have not been recognised in respect of tax losses of RMB198,307,000 and RMB101,305,000, respectively, arising in the Chinese mainland which will expire in one to ten years for offsetting against future taxable profits.

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

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

	2025 RMB'000	2024 RMB'000
Tax losses not recognised	231,323	129,343
Deductible temporary differences	13,753	6,704
Total	<b>245,076</b>	136,047

### 18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value Maanshan Zhongsong Jingchuang Venture Capital Partnership (Limited Partnership)	10,014	—

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

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 19. INVENTORIES

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Raw materials and consumables	<b>76,671</b>	96,132
Work in progress	<b>29,360</b>	30,789
Finished goods	<b>127,612</b>	132,046
Contract costs	<b>1,859</b>	25,944
	<b>235,502</b>	284,911

### 20. TRADE AND BILLS RECEIVABLES

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Trade receivables	<b>884,483</b>	941,321
Bills receivable	<b>109,964</b>	172,616
Impairment	<b>(21,189)</b>	(21,446)
	<b>973,258</b>	1,092,491

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60 to 120 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Within 60 days	<b>589,842</b>	752,126
61 to 120 days	<b>265,668</b>	243,549
121 to 180 days	<b>95,838</b>	58,096
181 days up to 1 year	<b>13,463</b>	34,850
1 year to 2 years	<b>8,447</b>	3,870
	<b>973,258</b>	1,092,491

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 20. TRADE AND BILLS RECEIVABLES (Continued)

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At the beginning of the year	<b>21,446</b>	13,381
Impairment losses, net	<b>(257)</b>	8,438
Amount written off as uncollectible	<b>—</b>	(373)
At end of the year	<b>21,189</b>	21,446

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at an amount equal to lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, estimated based on the financial quality of the debtors and historical credit loss experience based on the days past due of the trade receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables:

#### As at 31 December 2025

	<b>Gross carrying amount</b>	<b>Expected credit loss rate</b>	<b>Expected credit losses</b>
	<b>RMB'000</b>		<b>RMB'000</b>
Within 1 year	<b>983,219</b>	<b>2%</b>	<b>18,408</b>
1 year to 2 years	<b>11,215</b>	<b>25%</b>	<b>2,777</b>
2 years to 3 years	<b>13</b>	<b>31%</b>	<b>4</b>
Total	<b>994,447</b>	<b>2%</b>	<b>21,189</b>

#### As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	1,109,630	2%	21,009
1 year to 2 years	4,300	10%	430
2 years to 3 years	—	—	—
Over 3 years	7	100%	7
Total	1,113,937	2%	21,446

At 31 December 2024, certain of the Group's trade and bills receivables with net carrying amount of RMB39,792,000 were pledged for the issuance of bankers' acceptances.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Prepayments	<b>53,471</b>	12,978
Other receivables	<b>5,182</b>	11,316
Value-added tax recoverable	<b>10,485</b>	5,756
Tax repayments	<b>348</b>	4,868
	<b>69,486</b>	34,918
Less: Non-current portion	<b>(41,262)</b>	(9,446)
	<b>28,224</b>	25,472
Provision for impairment of other receivables	<b>(7)</b>	(429)
Current portion	<b>28,217</b>	25,043

An impairment analysis was performed at the end of the year. The Group has applied the general approach under IFRS 9 to provide for expected credit losses for non-trade other receivables. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

### 22. FINANCIAL ASSETS AT FVTPL

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Wealth management products*	<b>66,552</b>	42,613
Listed equity investments, at fair value	<b>1,980</b>	—
Total	<b>68,532</b>	42,613

\* The above financial assets were wealth management products issued by banks in Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 23. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Cash and bank balances	<b>543,328</b>	588,817
Less:		
Pledged deposits	<b>48,366</b>	88,283
Time deposits	<b>31,227</b>	—
Cash and cash equivalents	<b>463,735</b>	500,534
Denominated in RMB	<b>211,569</b>	288,245
Denominated in US\$	<b>250,930</b>	96,407
Denominated in HK\$	<b>1,232</b>	115,882
Denominated in EUR	<b>4</b>	—
Cash and cash equivalents	<b>463,735</b>	500,534

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

Certain bank deposits are pledged for the issuance of bankers' acceptances.

Time deposits are deposits with original maturity of over three months.

The bank balances and pledged deposits and time deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

### 24. TRADE AND BILLS PAYABLES

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Within 1 year	<b>983,416</b>	1,175,611
1 to 2 years	<b>3,185</b>	2,035
2 to 3 years	<b>14</b>	59
Over 3 years	<b>24</b>	1,078
Total	<b>986,639</b>	1,178,783

Trade payables are non-interest-bearing and are normally settled on 120-day terms.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 25. OTHER PAYABLES AND ACCRUALS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Deposits received	<b>2,349</b>	2,280
Payroll and welfare payable	<b>49,794</b>	48,931
Other payables	<b>145,164</b>	223,452
Government subsidy payable*	<b>15,790</b>	200,000
Other tax payables	<b>8,001</b>	17,322
	<b>221,098</b>	491,985

\* Government subsidy payable represents the non-recurring subsidy stipulated in investment contracts, the attaching conditions of which are to be fulfilled in the following periods.

Other payables are unsecured and repayable on demand.

### 26. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Advances from customers	<b>4,655</b>	12,578

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of the payments is usually received in advance of the performance under the contracts. The contract liabilities comprise the prepayments received from customers, to whom the goods or services have not yet been transferred or provided.

### 27. DEFERRED INCOME

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Government grants and subsidies	<b>194,808</b>	11,268

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 28. INTEREST-BEARING BANK BORROWINGS

31 December 2025	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>			
Current portion of long-term bank loans — secured (b)	3.30	2026	3,326
Bank loans — unsecured	2.20	2026	10,007
Bank loans — secured (c)	2.18 to 2.30	2026	231,638
Total — current			244,971
<b>Non-current</b>			
Long-term bank loans — secured (b)	3.14 to 3.30	2027–2033	98,423
Total			343,394
31 December 2024	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>			
Current portion of long-term bank loans — secured (d)	3.00	2025	50,822
Bank loans — secured (c)	2.60 to 2.65	2025	30,024
Total — current			80,846
<b>Non-current</b>			
Long-term bank loans — secured (d)	3.30	2026–2029	14,415
Total			95,261

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 28. INTEREST-BEARING BANK BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	244,971	80,846
In the second year	3,175	1,471
In the third year	9,874	1,471
In the fourth to fifth years, inclusive	85,374	11,473
Total	<b>343,394</b>	95,261

Notes:

- (a) The Group's bank loans are all denominated in RMB.
- (b) As at 31 December 2025, certain long-term bank loans of RMB101,749,000 were secured by pledges of certain buildings and machines with carrying amount of RMB212,509,000 and restricted right-of-use assets with carrying value of RMB54,972,000.
- (c) As at 31 December 2025 and 2024, certain short-term bank loans of RMB231,638,000 and RMB30,024,000, respectively, were guaranteed by the Company.
- (d) As at 31 December 2024, certain long-term bank loans of RMB65,237,000 were secured by pledges of certain buildings and machines with a carrying value of RMB227,283,000.

### 29. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued:		
Ordinary shares of RMB1.00 each	537,147	537,147
Fully paid:		
Ordinary shares of RMB1.00 each	537,147	537,147

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 29. SHARE CAPITAL (Continued)

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

	Number of shares in issue in thousand shares	Share capital RMB'000
At 1 January 2024	498,507	480,078
New issues for share-based payments (a)	—	18,429
New issues for initial public offering (b)	38,640	38,640
	<hr/>	<hr/>
At 31 December 2024 and 1 January 2025	537,147	537,147
	<hr/>	<hr/>
At 31 December 2025	<b>537,147</b>	<b>537,147</b>

Notes:

- (a) As at 31 December 2023, 18,429,000 shares were issued for share-based payments, details of which are included in note 30. As at 18 January 2024, all the 18,429,000 shares issued were fully paid in cash.
- (b) In connection with initial public offering of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 November 2024, 38,640,000 ordinary shares of a par value of RMB1 each were issued at a price of HK\$3.61 per share at a total cash consideration, before deducting the underwriting fees, commissions and other estimated listing expenses, of approximately HK\$139,490,000 (approximately RMB128,485,000).

### 30. SHARE-BASED PAYMENTS

On 31 May 2019, the Company granted the Group's employees and directors restricted shares (“**the Share Incentive Scheme I**”), which are subject to restrictions on transfer, termination and such other limitations set forth in the plan. The relevant portion of restricted shares shall vest on the relevant vesting date, which is determined by the board of directors.

On 4 December 2023, the Company revised the Share Incentive Scheme I in relation to the exercise periods and established new employee shareholding platforms under the Share Incentive Scheme II and Share Incentive Scheme III. Restricted shares were granted under the Share Incentive Scheme II and Share Incentive Scheme III to the participants as awards. After the grant of the awards, the participants became partners of the employee shareholding platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements.

The above shares granted to employees and directors under the Share Incentive Scheme I and Share Incentive Scheme II shall vest and become exercisable after the completion of the public offering of H shares by the Company and the expiration of the corresponding restriction period.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 30. SHARE-BASED PAYMENTS (Continued)

The shares granted to employees under the Share Incentive Scheme III shall vest and become exercisable when the following conditions are met: (i) the completion of the public offering by the Company, (ii) the expiration of the corresponding restriction period and (iii) the satisfaction of annual performance milestones resulting in vesting in four equal tranches of 25% over a period of four years.

The fair value of services received in exchange for shares granted to employees and directors was measured by reference to the fair value of shares granted and the subscription price paid by employees and directors. The recent transaction price method was used to determine the underlying equity fair value of the Company.

On 11 November 2025, 5,789,000 shares granted under the Share Incentive Scheme I was vested and become exercisable.

Movements in the number of restricted shares for the year are as follows:

	<b>2025</b> <b>in thousand</b> <b>shares</b>	2024 in thousand shares
At the beginning of the year	<b>32,534</b>	32,534
Vested during the year	<b>(5,789)</b>	—
At the end of the year	<b>26,745</b>	32,534

Share-based payment expenses during the year are as follows:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Restricted shares granted by the Company under the plans	<b>3,441</b>	7,872

## 31. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

### (a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company and the share premium generated from the acquisition of non-controlling interests.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 31. RESERVES (Continued)

### (b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

### (c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

### (d) Special reserve – safety fund

Pursuant to the revised Measures for the Extraction and Use of Enterprise Safety Production Funds issued in November 2022, the Group is required to set aside a fund for safety-related maintenance and production. The safety fund can be used for the maintenance of production and improvements in safety and is not available for distribution to shareholders.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

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

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

During the years ended 31 December 2025 and 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,449,000 and RMB8,185,000, respectively, in respect of lease arrangements for properties.

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

	Bank loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025	95,261	7,895	103,156
Additions	367,619	6,449	374,068
Payments	(119,597)	(2,579)	(122,176)
Interest paid	(3,941)	—	(3,941)
Change in scope of a lease	—	(2,595)	(2,595)
Interest expenses (note 7)	4,052	390	4,442
Exchange realignment	—	(12)	(12)
	<b>343,394</b>	<b>9,548</b>	<b>352,942</b>
At 31 December 2025			
At 1 January 2024	79,953	910	80,863
Additions	54,710	8,185	62,895
Payments	(39,400)	(1,350)	(40,750)
Interest paid	(2,913)	—	(2,913)
Interest expenses (note 7)	2,911	149	3,060
Exchange realignment	—	1	1
	<b>95,261</b>	<b>7,895</b>	<b>103,156</b>

#### (c) Total cash outflow for leases

	2025 RMB'000	2024 RMB'000
Within operating activities	211	477
Within financing activities	3,167	1,593
	<b>3,378</b>	<b>2,070</b>

### 33. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in notes 13, 14, 20 and 23 to the financial statements.

### 34. COMMITMENT

The Group had the following contractual commitment at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Construction in progress	145,276	70,626

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 35. RELATED PARTY TRANSACTIONS

### (a) Names and relationships

Name of related party	Relationship with the Group
Epistar Corporation	Shareholder of the Company with more than 5% of indirect shareholding
Zhejiang Yaoning Technology Group Co., Ltd.	Shareholder of the Company with more than 5% of direct shareholding
Yenrich Technology Corp.	Controlled by the ultimate controlling shareholders of Epistar Corporation
Lextar Electronics (Chuzhou) Corp.	Controlled by the ultimate controlling shareholders of Epistar Corporation
Shenzhen Epiklyn Co., Ltd.	Controlled by the ultimate controlling shareholders of Epistar Corporation
EPISKY CORPORATION (XIAMEN) LTD.	Controlled by the ultimate controlling shareholders of Epistar Corporation
Guangdong AscenPower Semiconductor Co., Ltd.	Controlled by the ultimate controlling person of the Company
Guangdong AccoPower Semiconductor Co., Ltd.	Controlled by the ultimate controlling person of the Company
Zhejiang Geely Automobile Parts & Components Stock Co., Ltd.	Geely Related Group*
Sichuan LYNK&CO Automobile Manufacturing Co., Ltd.	Geely Related Group*
Zhejiang Jirun Meishan Auto Parts Co., Ltd.	Geely Related Group*
Yuyao LYNK&CO Automobile Parts Co., Ltd.	Geely Related Group*
Ningbo Hangzhou Bay Geely Auto Parts Co., Ltd.	Geely Related Group*
LYNK&CO Investment Co., Ltd.	Geely Related Group*
Qizheng New Energy Automobile (Jinan) Co., Ltd.	Geely Related Group*
Zhejiang ZEEKR Automobile Research & Development Co., Ltd.	Geely Related Group*
ZEEKR Automobile (Hangzhou Bay New District, Ningbo) Co., Ltd.	Geely Related Group*
LYNK&CO Automobile Sales Co., Ltd.	Geely Related Group*
Wuhan Geely Auto Parts Co., Ltd.	Geely Related Group*
Wuhan Lotus Cars Co., Ltd.	Geely Related Group*
Chongqing Livan Automotive Manufacturing Company Limited	Geely Related Group*
Zhejiang Jisu Supply Chain Management Company Limited	Geely Related Group*
ZEEKR Intelligent Technology Holding Limited	Geely Related Group*
Xi'an Geely Automobile Co., Ltd.	Geely Related Group*
Geely Auto Group Co., Ltd.	Geely Related Group*
Wuhan Lotus Cars Sales Limited	Geely Related Group*
Geely Automobile Research Institute (Ningbo) Co., Ltd.	Geely Related Group*
Zhejiang Geely Business Service Co., Ltd.	Geely Related Group*
Smart Automobile Sales (Nanning) Co., Ltd.	Geely Related Group*
Chongqing Livan Automobile Research Institute Limited	Geely Related Group*
Smart Automobile Co., Ltd.	Geely Related Group*
Guizhou Geely Automobile Manufacturing Co., Ltd.	Geely Related Group*
Zhejiang Geely Automobile Spare Parts Co., Ltd.	Geely Related Group*
Zhejiang ZEEKR Automobile Research & Development Co., Ltd.	Geely Related Group*
CaoCao Inc.	Geely Related Group*

\* Geely Related Group includes entities relating to Zhejiang Geely Holding Group Company Limited and Li Shufu.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 35. RELATED PARTY TRANSACTIONS (Continued)

(b) The Group had the following transactions with related parties during the year:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Revenue from goods and services ( <i>note i</i> )		
Geely Related Group	<b>643,280</b>	902,001
Epistar Corporation	<b>121,691</b>	80,558
	<b>764,971</b>	982,559
Purchase of goods and services ( <i>note ii</i> )		
Geely Related Group	<b>9,029</b>	9,120
Epistar Corporation	<b>137,399</b>	165,547
	<b>146,428</b>	174,667
Rental income ( <i>note iii</i> )		
Guangdong AscenPower Semiconductor Co., Ltd.	—	276

Notes:

- (i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group. The credit terms granted to the related parties were generally in line with the credit terms granted to other customers.
- (ii) The purchases from the related parties were made according to the published prices and conditions offered by the related parties to their major customers. The credit terms granted by the related parties were generally in line with the credit terms granted to their major customers.
- (iii) The rental fees with the related parties were determined according to the agreed prices.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 35. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties as at 31 December 2025 and 2024:

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Trade and bills receivables		
Epistar Corporation	<b>23,551</b>	19,319
Geely Related Group	<b>197,306</b>	249,669
	<b>(5,089)</b>	(5,430)
Impairment	<b>215,768</b>	263,558
Trade payables		
Epistar Corporation	<b>54,820</b>	66,484
Geely Related Group	<b>—</b>	—
	<b>54,820</b>	66,484
Other payables and accruals		
Geely Related Group	<b>7,409</b>	7,632
Contract liabilities		
Geely Related Group	<b>2,989</b>	11,820

As at 31 December 2025 and 2024, all the remaining balances with related parties were trade in nature.

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

	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Short term employee benefits	<b>11,511</b>	10,819
Share-based payment expenses	<b>2,422</b>	4,072
	<b>13,933</b>	14,891

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

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY

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

**As at 31 December 2025**

Financial assets	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	—	10,014	—	10,014
Financial assets at fair value through profit or loss	68,532	—	—	68,532
Trade and bills receivables	—	29,080	944,178	973,258
Financial assets included in prepayments, other receivables and other assets	—	—	3,438	3,438
Pledged deposits and time deposits	—	—	79,593	79,593
Cash and cash equivalents	—	—	463,735	463,735
<b>Total</b>	<b>68,532</b>	<b>39,094</b>	<b>1,490,944</b>	<b>1,598,570</b>

  

Financial liabilities	Financial liabilities at amortised cost RMB'000
Trade and bills payables	986,639
Financial liabilities included in other payables and accruals	161,673
Interest-bearing bank borrowings	343,394
<b>Total</b>	<b>1,491,706</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at 31 December 2024

Financial assets	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	42,613	—	—	42,613
Trade and bills receivables	—	24,358	1,068,133	1,092,491
Financial assets included in prepayments, other receivables and other assets	—	—	2,069	2,069
Pledged deposits	—	—	88,283	88,283
Cash and cash equivalents	—	—	500,534	500,534
<b>Total</b>	<b>42,613</b>	<b>24,358</b>	<b>1,659,019</b>	<b>1,725,990</b>
Financial liabilities			Financial liabilities at amortised cost RMB'000	
Trade and bills payables				1,178,783
Financial liabilities included in other payables and accruals				424,716
Interest-bearing bank borrowings				95,261
<b>Total</b>				<b>1,698,760</b>

#### Transfers of financial assets

##### **Transferred financial assets that are not derecognised in their entirety**

At 31 December 2025 and 2024, the Group endorsed certain bills receivables in Chinese mainland (the “**Endorsed Bills**”) with carrying amounts of RMB164,211,000 and RMB104,588,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 36. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

### Transfers of financial assets (Continued)

#### **Transferred financial assets that are derecognised in their entirety**

At 31 December 2025 and 2024, the Group, endorsed certain bills receivables accepted by banks in Mainland China (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB306,858,000 and RMB208,581,000. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2025 and 2024, the Group has recognised a loss on the date of transfer of the Derecognised Bills of approximately RMB118,000 and RMB335,000, respectively. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

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

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

The Group’s finance team headed by the chief finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the finance head. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance head.

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

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The carrying amounts and fair values of the Group's financial instruments are as follows:

#### As at 31 December 2025

	Carrying amount RMB'000	Fair value RMB'000
<b>Financial assets</b>		
Equity investments designated at fair value through other comprehensive income	10,014	10,014
Financial assets at FVTPL	68,532	68,532
	<b>78,546</b>	<b>78,546</b>
<b>Financial liabilities</b>		
Interest-bearing bank borrowings	101,749	99,938

#### As at 31 December 2024

	Carrying amount RMB'000	Fair value RMB'000
<b>Financial assets</b>		
Financial assets at FVTPL	42,613	42,613
<b>Financial liabilities</b>		
Interest-bearing bank borrowings	65,237	64,773

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy

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

#### Assets measured at fair value

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investments designated at fair value through other comprehensive income	—	10,014	—	10,014
Financial assets at fair value through profit or loss	—	68,532	—	68,532
Trade and bills receivables	—	29,080	—	29,080
Total	—	107,626	—	107,626

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	42,613	—	42,613
Trade and bills receivables	—	24,358	—	24,358
Total	—	66,971	—	66,971

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, equity investments designated at fair value through other comprehensive income, finance assets at FVTPL and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies.

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

	<b>Increase/ (decrease) in foreign currency rate %</b>	<b>Increase/ (decrease) in profit before tax RMB'000</b>
<b>As at 31 December 2025</b>		
If the RMB weakens against the US\$	5	20,042
If the RMB strengthens against the US\$	(5)	(20,042)
If the RMB weakens against the HK\$	5	62
If the RMB strengthens against the HK\$	(5)	(62)
<b>As at 31 December 2024</b>		
If the RMB weakens against the US\$	5	7,716
If the RMB strengthens against the US\$	(5)	(7,716)
If the RMB weakens against the HK\$	5	5,786
If the RMB strengthens against the HK\$	(5)	(5,786)

#### Credit risk

An impairment analysis was performed at the end of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Credit risk (Continued)

##### Maximum exposure and year-end staging

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

##### As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables	109,964	—	—	863,294	973,258
Financial assets included in prepayments, other receivables and other assets	3,438	—	—	—	3,438
Pledged deposits and time deposits	79,593	—	—	—	79,593
Cash and cash equivalents	463,735	—	—	—	463,735
<b>Total</b>	<b>656,730</b>	<b>—</b>	<b>—</b>	<b>863,294</b>	<b>1,520,024</b>

##### As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables	—	—	—	1,092,491	1,092,491
Financial assets included in prepayments, other receivables and other assets	1,815	—	254	—	2,069
Pledged deposits	88,283	—	—	—	88,283
Cash and cash equivalents	500,534	—	—	—	500,534
<b>Total</b>	<b>590,632</b>	<b>—</b>	<b>254</b>	<b>1,092,491</b>	<b>1,683,377</b>

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### Liquidity risk (Continued)

As at 31 December 2025

	Less than 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	255,308	18,989	91,349	365,646
Lease liabilities	3,018	5,950	1,540	10,508
Trade and bills payables	986,639	—	—	986,639
Other payables and accruals	161,673	—	—	161,673
<b>Total</b>	<b>1,406,638</b>	<b>24,939</b>	<b>92,889</b>	<b>1,524,466</b>

As at 31 December 2024

	Less than 1 year RMB'000	1 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	82,966	3,778	11,844	98,588
Lease liabilities	2,300	5,464	784	8,548
Trade and bills payables	1,178,783	—	—	1,178,783
Other payables and accruals	424,716	—	—	424,716
<b>Total</b>	<b>1,688,765</b>	<b>9,242</b>	<b>12,628</b>	<b>1,710,635</b>

#### Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratio as at the end of the reporting period was as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	1,761,587	1,806,655
Total assets	3,084,841	3,101,515
Debt-to-asset ratio	57%	58%

# Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	170,955	150,188
Right-of-use assets	7,813	8,044
Other intangible assets	5,506	7,288
Investments in subsidiaries	852,957	752,324
Deferred tax assets	4,407	6,854
Equity investments designated at fair value through other comprehensive income	10,014	—
Other non-current assets	330	—
Total non-current assets	<b>1,051,982</b>	924,698
<b>CURRENT ASSETS</b>		
Inventories	120,889	109,469
Trade and bills receivables	423,428	530,578
Prepayments, deposits and other receivables	7,007	16,865
Financial assets at fair value through profit or loss	23,500	42,613
Pledged deposits	16	38,623
Cash and cash equivalents	251,386	226,078
Total current assets	<b>826,226</b>	964,226
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	312,725	449,053
Other payables and accruals	42,168	79,551
Interest-bearing bank borrowings	96,552	—
Contract liabilities	145	251
Total current liabilities	<b>451,590</b>	528,855
<b>NET CURRENT ASSETS</b>	<b>374,636</b>	435,371
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,426,618</b>	1,360,069
<b>NON-CURRENT LIABILITIES</b>		
Deferred income	559	1,077
Deferred tax liabilities	—	392
Total non-current liabilities	<b>559</b>	1,469
Net assets	<b>1,426,059</b>	1,358,600
<b>EQUITY</b>		
Share capital	537,147	537,147
Reserves (note)	888,912	821,453
Total equity	<b>1,426,059</b>	1,358,600

**XIAO Guowei David**  
Director

**CHAN Philip Ching Ho**  
Director

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 December 2025

### 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Special reserve – safety fund RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024	376,261	8,987	(21)	2,797	29,411	239,404	656,839
Total comprehensive income for the year	–	–	(30)	–	–	58,098	58,068
Share-based payments	–	7,872	–	–	–	–	7,872
Deferred tax on share-based payment	–	441	–	–	–	–	441
Profit appropriations to statutory reserve	–	–	–	–	5,810	(5,810)	–
Safety fund	–	–	–	2,664	–	(2,664)	–
Issue of shares from initial public offering	73,491	–	–	–	–	–	73,491
Contributions from shareholders	24,742	–	–	–	–	–	24,742
At 31 December 2024 and 1 January 2025	474,494	17,300	(51)	5,461	35,221	289,028	821,453
Total comprehensive income for the year	–	–	45	–	–	100,940	100,985
Dividend declared	–	–	–	–	–	(36,526)	(36,526)
Share-based payments	–	3,441	–	–	–	–	3,441
Deferred tax on share-based payment	–	(441)	–	–	–	–	(441)
Profit appropriations to statutory reserve	–	–	–	–	10,094	(10,094)	–
Safety fund	–	–	–	3,464	–	(3,464)	–
At 31 December 2025	474,494	20,300	(6)	8,925	45,315	339,884	888,912

### 40. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2026, approved by the Board of Directors, the Company, as a limited partner, jointly established an industrial fund with Wanlian Tianze capital investment Co., LTD. and several state-owned capital institutions. The total capital contribution of the fund is expected to be RMB668 million, and the total committed capital contribution of the Company is RMB268 million, representing approximately 40.12% of the total committed capital contribution of the fund.

### 41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2026.

# Financial Summary

## FIVE-YEAR COMPARISON OF KEY FINANCIAL FIGURES

	Year ended 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
<b>REVENUE</b>	1,388,380	1,410,632	1,858,032	2,592,064	<b>2,431,138</b>
Cost of sales	(1,160,102)	(1,175,447)	(1,519,021)	(2,121,518)	<b>(2,027,680)</b>
Gross profit	228,278	235,185	339,011	470,546	<b>403,458</b>
Other income and gains	58,425	25,063	26,267	24,346	<b>69,258</b>
Selling and marketing expenses	(20,842)	(30,018)	(45,188)	(54,987)	<b>(83,014)</b>
Administrative expenses	(78,510)	(100,341)	(119,431)	(174,095)	<b>(139,300)</b>
Research and development costs	(62,020)	(88,749)	(87,225)	(99,423)	<b>(115,166)</b>
Other expenses	(8,213)	(23,992)	(36,835)	(49,641)	<b>(42,335)</b>
Finance costs	(2,817)	(6,445)	(4,838)	(3,060)	<b>(4,442)</b>
Share of loss of an associate	(23,279)	—	—	—	<b>—</b>
<b>PROFIT BEFORE TAX</b>	91,022	10,703	71,761	113,686	<b>88,459</b>
Income tax (expense)/credit	(13,022)	28,368	282	(8,822)	<b>(26,420)</b>
<b>PROFIT FOR THE YEAR</b>	78,000	39,071	72,043	104,864	<b>62,039</b>
Attributable to:					
Owners of the parent	85,896	40,791	66,378	104,864	<b>62,039</b>
Non-controlling interests	(7,896)	(1,720)	5,665	—	<b>—</b>
	78,000	39,071	72,043	104,864	<b>62,039</b>
<b>NON-CURRENT ASSETS</b>	966,312	1,014,916	1,031,876	1,059,982	<b>1,225,994</b>
<b>CURRENT ASSETS</b>	1,013,544	1,062,753	1,368,281	2,041,533	<b>1,858,847</b>
<b>TOTAL ASSETS</b>	1,979,856	2,077,669	2,400,157	3,101,515	<b>3,084,841</b>
<b>CURRENT LIABILITIES</b>	919,728	1,002,910	1,300,698	1,768,416	<b>1,461,460</b>
<b>NON-CURRENT LIABILITIES</b>	150,269	123,677	73,096	38,239	<b>300,127</b>
<b>TOTAL LIABILITIES</b>	1,069,997	1,126,587	1,373,794	1,806,655	<b>1,761,587</b>

## Definitions

“Advanced Photoelectric”	Advanced Photoelectric Technology Limited (微晶先進光電科技有限公司), formerly known as Advanced Packaging Technology Limited (微晶先進封裝技術有限公司), a limited company established in Hong Kong on February 17, 2003, and member of our Controlling Shareholder Group
“Articles” or “Articles of Association”	the existing articles of association of our Company
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Board of Supervisors”	the board of Supervisors
“CG Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
“Company”, “our Company”, “the Company” or “APT Electronics”	APT Electronics Co., Ltd. (廣東晶科電子股份有限公司), H Shares of which are listed on the Stock Exchange with stock code of 2551
“Controlling Shareholder(s)” or “Controlling Shareholder Group”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Xiao, Mr. Chan, Mr. Yuan, APTESS Company Limited, Giant Power Limited, Ms. Loh, Advanced Photoelectric, Jingyu Investment, Jingling Investment, Jingrui Investment and Jingshi Investment, as further detailed in the section headed “Relationship with Our Controlling Shareholder Group” in the Prospectus
“Director(s)”	director(s) of our Company
“Domestic Unlisted 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 not listed on any stock exchange
“Geely Group”	Geely Holding and its subsidiaries
“Geely Holding”	Zhejiang Geely Holding Group Company Limited (浙江吉利控股集團有限公司), a limited liability company established in the PRC on March 24, 2003 and a connected person of our Company

## Definitions

“Geely Related Group”	includes (i) Geely Group, (ii) Mr. LI Shufu and his related companies other than Geely Group, and (iii) Yaoning Technology and its associates. Among the Geely Related Group, Mr. LI Shufu and his majority-controlled companies (including Geely Group) and Yaoning Technology and its associates are connected persons of our Company. Mr. LI Shufu is (i) the father of Mr. LI Xingxing, a substantial Shareholder by virtue of his interest in Yaoning Technology, and (ii) the father-in-law of Mr. ZHENG Xin, a previous non-executive Director who retired in the past 12 months, and hence Mr. LI Shufu is an associate of Mr. LI Xingxing under Rule 14A.12(2)(a) of the Listing Rules and a deemed connected person under Rule 14A.21(1)(a) of the Listing Rules. Accordingly, the majority-controlled companies of Mr. LI Shufu are connected persons of our Company under Rules 14A.12(2)(b) and 14A.21(1)(b) of the Listing Rules. For the avoidance of doubt, the related companies of Mr. LI Shufu other than his majority-controlled companies are not regarded as connected persons of our Company
“Global Offering”	the global offering of the H Shares, details of which are set forth in the Prospectus
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IFRS(s)”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“Independent Third Party(ies)”	any entity or person who to the best of our Directors’ knowledge, information and belief, is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
“Jingling Investment”	Guangzhou Jingling Investment Partnership (Limited Partnership) (廣州晶領投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 25, 2023, one of our employee shareholding platforms and member of our Controlling Shareholder Group
“Jingrui Investment”	Guangzhou Jingrui Investment Partnership (Limited Partnership) (廣州晶瑞投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 30, 2023, one of our employee shareholding platforms and member of our Controlling Shareholder Group

## Definitions

“Jingshi Investment”	Guangzhou Jingshi Investment Partnership (Limited Partnership) (廣州晶實投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 30, 2023, one of our employee shareholding platforms and member of our Controlling Shareholder Group
“Jingyu Investment”	Guangzhou Jingyu Equity Investment Partnership (Limited Partnership) (廣州晶裕股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 29, 2017, one of our employee shareholding platforms and member of our Controlling Shareholder Group
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	November 8, 2024, on which our H Shares were listed and from which dealings therein were first permitted to take place on the Hong Kong Stock Exchange
“Lynway Vision (Guangzhou)”	Lynway Vision Automotive Parts (Guangzhou) Co., Ltd.* (領為視覺汽車零部件(廣州)有限公司), a limited liability company established in the PRC on June 17, 2024 and a wholly-owned subsidiary of our Company
“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 Board of the Stock Exchange
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Mr. Chan”	Mr. CHAN Philip Ching Ho (陳正豪), our non-executive Director and member of our Controlling Shareholder Group
“Mr. Xiao”	Mr. XIAO Guowei David (肖国偉), our executive Director, chairperson of the Board, the chief strategic officer and member of our Controlling Shareholder Group
“Mr. Yuan”	Mr. YUAN Lie Ming Peter (袁立明), our non-executive Director and member of our Controlling Shareholder Group
“Ms. Loh”	Ms. LOH Rebecca May-Leung (勞美良), the spouse of Mr. Chan and member of our Controlling Shareholder Group
“NEEQ”	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated October 31, 2024
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period”	the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

## Definitions

“Shanghai Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)
“Share Incentive Scheme I”	the share incentive scheme adopted by our Company on May 31, 2019 and renewed on December 9, 2023
“Share Incentive Scheme II”	the share incentive scheme adopted by our Company on December 8, 2023
“Share Incentive Scheme III”	the share incentive scheme adopted by our Company on December 4, 2023
“Share Incentive Schemes”	the Share Incentive Scheme I, the Share Incentive Scheme II and the Share Incentive Scheme III
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Taiwan Stock Exchange”	the Taiwan Stock Exchange Corporation
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“US” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States
“Yaoning Technology”	Zhejiang Yaoning Technology Group Co., Ltd. (浙江耀寧科技集團有限公司), formerly known as Zhejiang Yaoning Technology Co., Ltd. (浙江耀寧科技有限公司), a limited liability company established in the PRC on December 22, 2020 and our substantial shareholder
“%”	per cent

*In this document, the terms “associate,” “close associate,” “connected person,” “core connected person,” “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

*For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.*

## Glossary of Technical Terms

*This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.*

“ADB”	adaptive driving beam, a technology that adjusts the direction and intensity of the light of the vehicle’s headlamps based on road conditions to enhance the driver’s view and minimize glare for other drivers
“AI”	artificial intelligence
“automotive OEM”	the original equipment manufacturer, which assembles and installs automotive parts during the construction of a new vehicle
“CAGR”	compound annual growth rate
“COB”	chip-on-board, a packaging process that integrates multiple LED chips into a circuit board
“CRI”	color rendering index, a quantitative measure of the ability of a light source to reveal the colors of various objects faithfully in comparison with a natural or standard light source
“HD”	high definition
“HUD”	head-up display, a display that projects important information onto the windshield without requiring the drivers to look away from their usual viewpoint
“IC”	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
“IP”	intellectual property
“IR”	infrared, a type of electromagnetic radiation with wavelength just greater than that of the red end of the visible light spectrum but less than that of microwaves
“IT”	information technology
“LCD”	liquid-crystal display, a flat-panel display or other electronically modulated optical device that uses the light-modulating properties of liquid crystals combined with polarizers
“‘LED+’ technologies”	technologies which integrate LED technologies with integrated circuits (ICs), electronic control, software, sensors, optics and others, which are rapidly changing the landscape of the high-end LED intelligent vision industry

## Glossary of Technical Terms

“leadframe”	a packaging carrier in LED or IC devices that secures LED or IC chips, offering mechanical support, electrical connection and heat conduction. It typically comprises a metal sheet, plastic materials, etc.
“LED”	light-emitting diode, a semiconductor diode that emits light when current flows through it
“LED device”	a semiconductor device that emits light, manufactured through the LED packaging process
“LED module”	an integral unit assembled by single or multiple LED devices, driving circuits, control circuits, etc.
“lm/W”	lumen per watt
“local dimming”	an LED backlight technology used in LCD display to improve picture quality. It works by dimming the backlight areas of the screen that need to be dark, while keeping the backlight bright parts of the screen bright, thereby increasing the contrast ratio and creating a better image
“Mini LED”	light-emitting diodes with chip size ranging from 100µm to 300µm
“photoelectric conversion efficiency”	the percentage of electrical energy that a lighting product converts into visible light, serving as a crucial metric for measuring performance and energy efficiency of lighting products
“R&D”	research and development
“Tier-1 supplier”	a company that supplies parts or systems directly to automotive OEMs. Other types of suppliers in the automotive industry include Tier-2 and Tier-3 suppliers. Tier-2 suppliers supply to Tier-1 suppliers. Tier-3 suppliers supply to Tier-2 suppliers
“W”	watt