



# 瑞聲科技控股有限公司 AAC Technologies Holdings Inc.

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 2018

## 2025 ANNUAL REPORT



AAC Technologies is a leading provider of sensory experience solutions with the goal of building the future of interactive sensory technologies. Through continuous innovation and our global footprint, we have established long-term strategic partnerships with global smart device clients. We have strong capabilities in Acoustics, Optics, Electromagnetic Drives, Sensors and Semiconductors, as well as Precision Manufacturing based on decades of industry experience. AAC Technologies' mission is to create sensational experiences, and our vision is to become a global leader in sensory technology with a broad solution portfolio. We keep innovating sensory technologies to create new interactive experiences. We will focus our efforts on smartphones, intelligent vehicles, virtual reality, augmented reality and smart homes to help create a new era of sensory experience.

[www.aactechnologies.com](http://www.aactechnologies.com)

In the event of any inconsistency between the English version and the Chinese version of this annual report, the English version shall prevail.

 This annual report is printed on environmentally friendly paper.



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The Company has since 2013 issued a stand-alone Sustainability Report every year. The annual Sustainability Report discloses the details of sustainability performance, initiatives and its progress on environmental, social and governance issues for the year. Please visit the website [www.aactechnologies.com](http://www.aactechnologies.com) to download the reports.



# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Pan Benjamin Zhengmin (Chief Executive Officer)  
Mr. Mok Joe Kuen Richard (Managing Director)

### Non-executive Director

Ms. Wu Ingrid Chun Yuan

### Independent Non-executive Directors

Mr. Zhang Hongjiang (Chairman of the Board)  
Mr. Kwok Lam Kwong Larry  
Mr. Peng Zhiyuan  
Mr. Cheng Kwang Ting (*appointed on 13 January 2026*)  
Mr. Cheng James Su-Ting (*appointed on 27 January 2026*)

## AUDIT AND RISK COMMITTEE

Mr. Kwok Lam Kwong Larry (Committee Chairman)  
Mr. Peng Zhiyuan  
Mr. Zhang Hongjiang

## NOMINATION COMMITTEE

Mr. Zhang Hongjiang (Committee Chairman)  
Mr. Peng Zhiyuan  
Ms. Wu Ingrid Chun Yuan (*appointed as member with effect from 1 October 2025*)  
Mr. Kwok Lam Kwong Larry (*resigned as member with effect from 1 October 2025*)

## REMUNERATION COMMITTEE

Mr. Peng Zhiyuan (Committee Chairman)  
Mr. Kwok Lam Kwong Larry  
Mr. Zhang Hongjiang

## SUSTAINABILITY COMMITTEE

Mr. Mok Joe Kuen Richard (Committee Chairman)  
Mr. Kwok Lam Kwong Larry  
Mr. Pan Kaitai Kelvin (Executive Vice President)  
Mr. Peng Zhiyuan  
Ms. Wu Ingrid Chun Yuan

## AUTHORIZED REPRESENTATIVES

Mr. Pan Benjamin Zhengmin  
Mr. Mok Joe Kuen Richard

## JOINT COMPANY SECRETARIES

Ms. Guan Muyi  
Mr. Ho Siu Tak Jonathan

## AUDITOR

Deloitte Touche Tohmatsu

## LEGAL ADVISORS

Herbert Smith Freehills Kramer  
JunHe

## PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

22 Tampines Industrial Crescent #03-01,  
Singapore 528607

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2601, 26th Floor,  
One Hennessy, 1 Hennessy Road,  
Wanchai, Hong Kong

## REGISTERED OFFICE

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
Boundary Hall, Cricket Square  
P. O. Box 1093, Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

DBS Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Bank of China Limited  
Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Limited  
China Construction Bank Limited  
Bank of Communications Corporation  
Ping An Bank Co., Ltd  
Standard Chartered Bank  
China Merchants Bank Co., Ltd

## STOCK CODE

2018

## WEBSITE

[www.aactechnologies.com](http://www.aactechnologies.com)

## FINANCIAL YEAR END

31 December

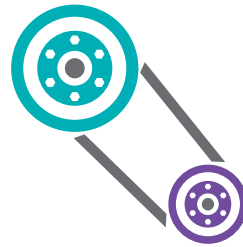
# Core Development Strategies

AAC Technologies is determined to offer advanced, proprietary technologies, driving growth through innovation and smart manufacturing capabilities, to achieve diversified development in the fields of smartphones, intelligent vehicles, AR/VR, semiconductors and physical AI. We focus on effective management, talent development and social responsibilities to ensure sustainable and high-quality growth.

# Core Development Strategies

## STRATEGY

The Group always aims to “lead innovation and enhance user experiences”. Focusing on high entry barrier technology and high value-added precision manufacturing business, and establishing the leading edge in each segment, we have achieved sustainable development capability.



“Two-pronged” approach:  
Advanced R&D +  
Precision Manufacturing



Holistic Solution Platform

# Core Development Strategies



Acoustics



Intelligent  
Vehicles



Optics



Electromagnetic Drives/  
Precision Mechanics



Sensors and  
Semiconductors

## ■ CONTINUE TO CONDUCT R&D ON CORE TECHNOLOGIES FOR MAINTAINING THE LEADING POSITION IN THE GLOBAL TECHNOLOGY MARKET:

Since inception, the Group has identified technology leadership as its competitive strategy. With investment in R&D accounting for 7.3% of revenue in 2025, the Group has set up 18 R&D centers all over the world, with 5,089 R&D talents, and, by 31 December 2025, obtained 4,860 patents, as well as an addition of 2,528 patent applications.

## ■ CONTINUOUSLY DEVELOP ULTRA-PRECISION PRODUCTION TECHNIQUES AND ENHANCE PER CAPITA OUTPUT:

The Group has implemented an integrated process of R&D and manufacturing with independent R&D initiatives, self-developed equipment and automated production lines. Per capita output has continuously improved by self-developed production techniques, enhanced production yield and our global presence. Our target is to achieve the level of international leading enterprises.

## ■ ESTABLISH VERSATILE TECHNOLOGY PLATFORMS TO ACHIEVE EFFICIENT USE AND GREATER INTEGRATION OF R&D RESOURCES:

Our versatile technology platforms enable the Group to invest in specific R&D of these segments: optics (including WLG technology and hybrid lens technology), acoustics, haptics, precision mechanics, MEMS and automotive acoustics systems to maintain technology leader status and innovative capabilities.

## ■ ESTABLISH VERSATILE EQUIPMENT PLATFORMS TO ENHANCE LEVEL OF STANDARDIZATION AND DIGITALIZATION:

Our self-developed production equipment has been designed with the capability for continuous upgrades and further improvements. Hence, our production lines can be modified flexibly for supporting new requirements of all business segments. We ensure a quick response to new requirements of production processes for new products, so that new techniques can be implemented. Such enhanced versatility of equipment will significantly reduce investment costs of specific production lines of specific segments.

# Financial Highlights

## Revenue

(RMB million)

**31,817**

+16.4%  
YoY

## EBITDA

(RMB million)

**6,324**

+13.9%  
YoY

## Earnings Per Share

(RMB)

**2.18**

+42.5%  
YoY

## Free cash flow

(RMB million)

**4,879**

+65.1%  
YoY

## CAPEX/EBITDA

**44.8%**

+2.8ppts  
YoY

## Per capita output

(RMB)

**763,473**

+4.1%  
YoY

## Net asset

(RMB million)

**24,943**

+7.9%  
YoY

## Net gearing ratio

**2.1%**

-1.7ppts  
YoY

## ROE

**10.7%**

+2.6ppts  
YoY

# Financial Highlights

## Past 5-Year Operating Financial Data

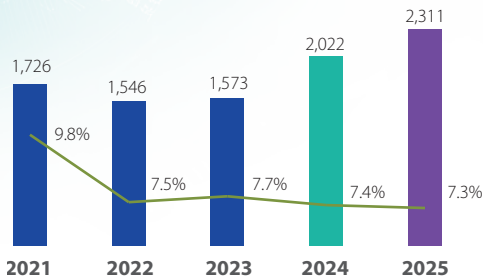
	Year ended 31 December				2025 RMB'000	2025 vs 2024 YoY Increase/ (Decrease)
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000		
Revenue	17,666,967	20,625,092	20,419,072	27,328,304	<b>31,816,988</b>	16.4%
Depreciation and Amortisation	2,702,161	2,986,999	2,968,817	3,145,724	<b>3,042,229</b>	(3.3%)
Finance costs	415,465	403,084	390,824	417,160	<b>395,156</b>	(5.3%)
Net profit attributable to owners of the Company	1,316,279	821,305	740,370	1,797,230	<b>2,511,978</b>	39.8%
EBITDA	4,530,502	4,250,762	4,182,502	5,553,380	<b>6,324,143</b>	13.9%
CAPEX	(3,548,248)	(1,847,510)	(1,378,458)	(2,331,518)	<b>(2,833,638)</b>	21.5%
Taxation paid	(216,633)	(303,514)	(246,098)	(303,848)	<b>(469,097)</b>	54.4%
Changes in working capital	(2,123,494)	420,039	1,247,167	36,225	<b>1,857,145</b>	5,026.7%
<b>Free cash flow</b>	<b>(1,357,873)</b>	<b>2,519,777</b>	<b>3,805,113</b>	<b>2,954,239</b>	<b>4,878,553</b>	65.1%
Gross margin	24.7%	18.3%	16.9%	22.1%	<b>22.1%</b>	–
R&D expenses to Revenue	9.8%	7.5%	7.7%	7.4%	<b>7.3%</b>	(0.1ppts)
ROA	3.3%	2.0%	1.9%	4.2%	<b>5.3%</b>	1.1ppts
ROE	6.1%	3.8%	3.4%	8.1%	<b>10.7%</b>	2.6ppts
Per capita output (Revenue/Employees)	470	742	682	733	<b>763</b>	4.1%
Net gearing ratio	8.9%	6.2%	5.1%	3.8%	<b>2.1%</b>	(1.7ppts)
Current ratio	1.86	1.89	1.63	1.45	<b>1.49</b>	4.0ppts
CAPEX/EBITDA	78.3%	43.5%	33.0%	42.0%	<b>44.8%</b>	2.8ppts

# Global Presence

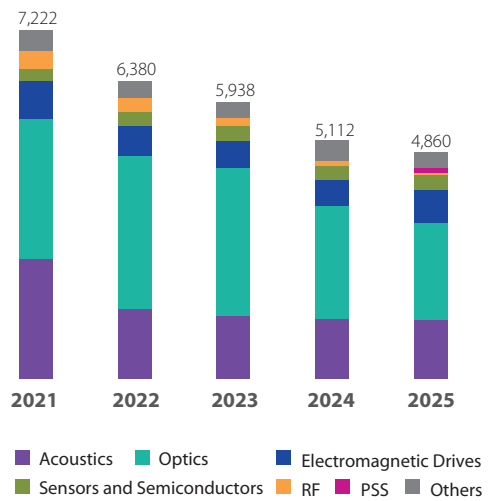
## R&D

### R&D Expenses and R&D Expenses/Revenue Ratio

(RMB million or %)



## Patents by Segments



## R&D Centers



### R&D Centers

18



PSS 2

### R&D Engineers and Technicians

5,089



PSS 228

### Patents

4,860



Overseas: 2,569

PSS 104

### Patent Applications

2,528

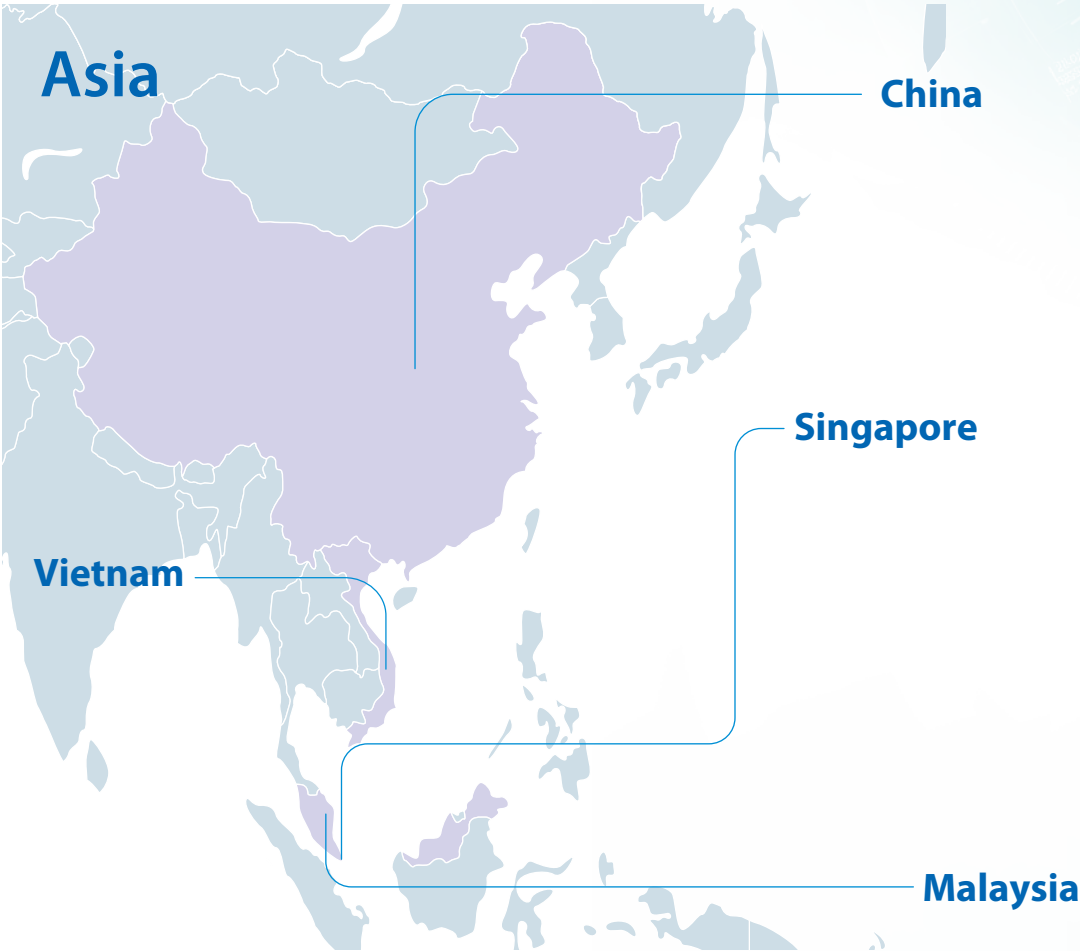


Overseas: 1,564

PSS 114

# Global Presence

## Diversified Manufacturing Bases



**Belgium**



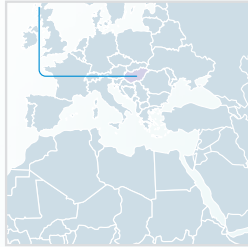
**Czech**



**Germany**



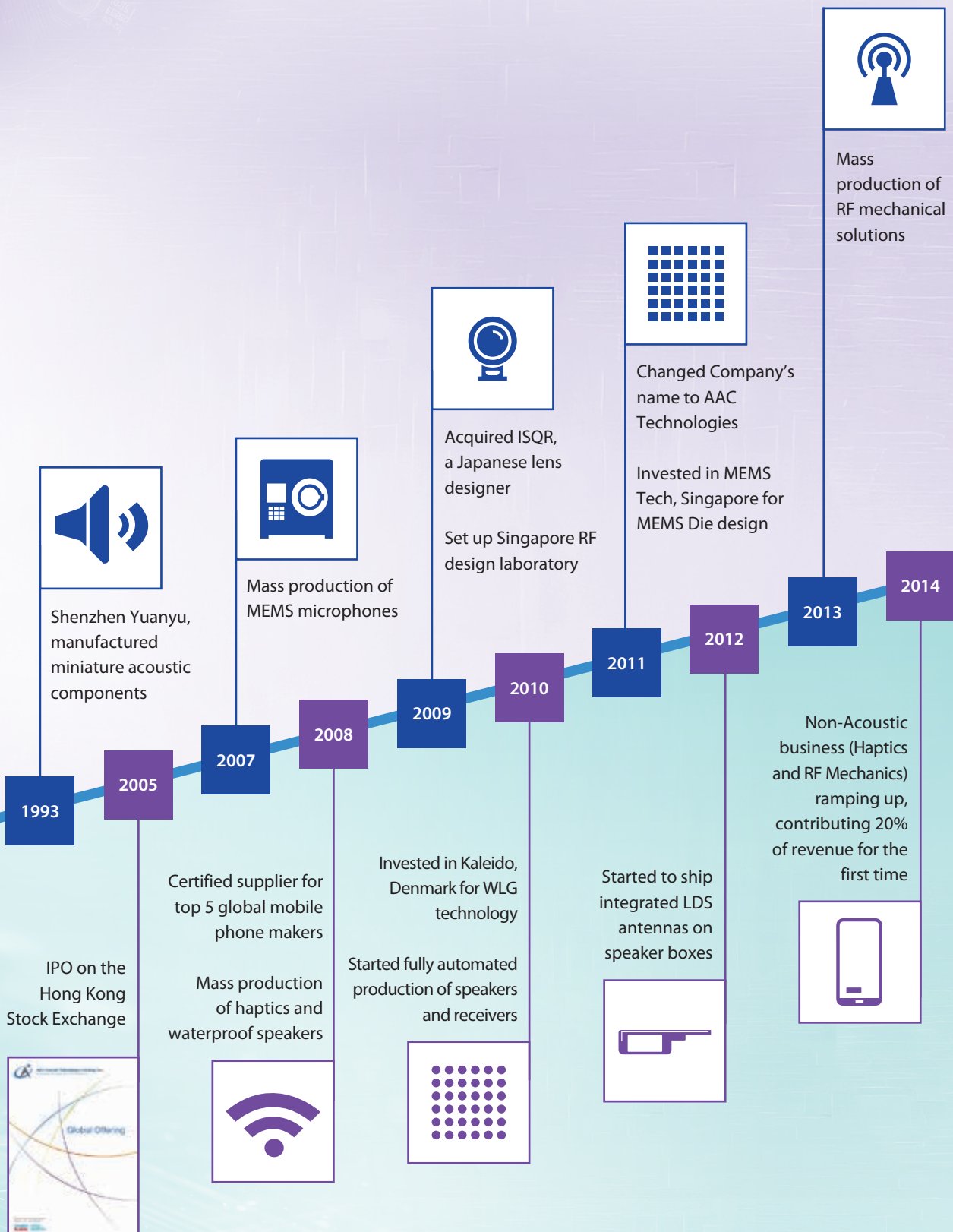
**Hungary**



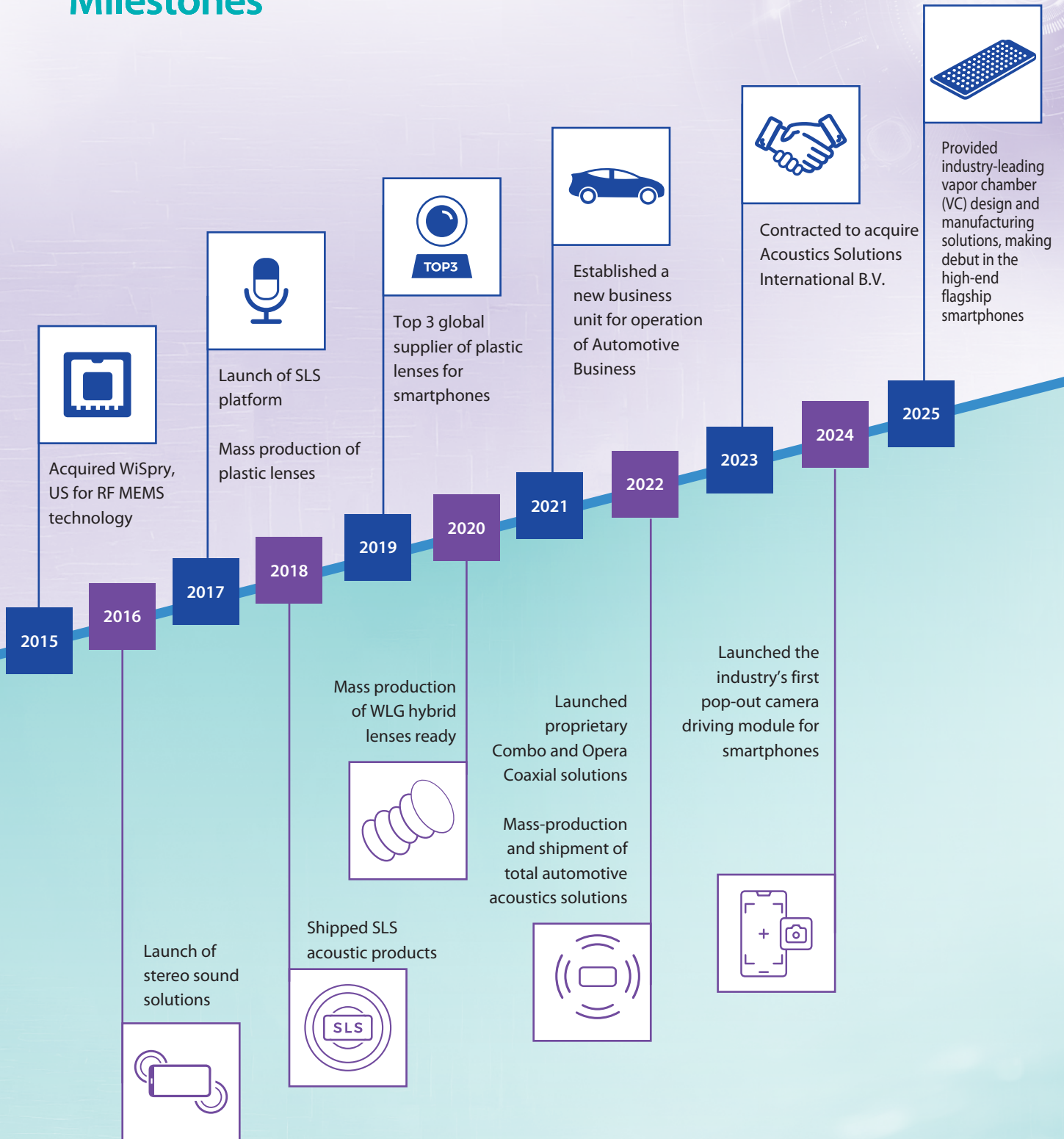
**Mexico**



# Milestones



# Milestones



# CEO Statement

In 2025, artificial intelligence (“AI”) advanced by leaps and bounds, reshaping industries across the board. Seizing this momentum, the Group has taken the lead in innovation, leveraging core technology platforms in acoustics, optics, electromagnetics, and precision mechanics to actively expand into emerging fields. With revenue reaching new heights, we have formally embarked on a new chapter in our transformation from a hardware supplier to a global leader in AI-driven sensing and interactions. The Group continues to advance lean operations, with operating cash flow reaching a record high and inventory turnover days maintained at their best historical level. Robust operating cash inflows will underpin the Group’s long-term, sustainable growth and innovation.

Looking back on the past year, the Group’s core businesses have continued to thrive amid surging innovation in the consumer electronics industry. Our leading position in acoustics and electromagnetic drives remains solid, while our general-purpose micro-drive technology platform has further widened the gap with competitors. In thermal management, we not only achieved rapid, large-scale volume growth, but also broke through industry limits in manufacturing efficiency and yield through our first fully automated ultra-thin vapor chamber (“VC”) production line. This has consolidated our leadership in consumer electronics thermal solutions and given us a head start in expanding our footprint with key customers.

Our optics business continues to gain market share, with an increasing number of customers choosing our products for their flagship models’ main cameras. This underscores our competitiveness in high-end lenses, positioning us firmly among the industry leaders. Periscope modules and optical image stabilization (“OIS”) modules have entered mass production, allowing us to capture the high-end module market by leveraging our integration capabilities. Shipments of hybrid lenses and micro-prism products have exceeded the ten-million-unit milestone, setting the course for the future of optics. The automotive acoustics business has grown steadily. Through a dual strategy of external expansion and internal development, we have built a vertically integrated solution encompassing hardware (speakers, amplifiers, microphones), algorithms, tuning, and brand collaboration, placing us among the world’s leading suppliers of automotive audio systems. As a core gateway for voice interaction in the AI era, the sensors and semiconductor (“SSE”) business is entering a new upgrade cycle, from which the Group, one of the earliest companies to develop high signal-to-noise ratio (“SNR”) microphones, stands to benefit significantly.

As emerging markets flourish, the Group continues to enhance R&D efficiency, capitalizing on new opportunities through our deep expertise in micro-drive systems and precision manufacturing. Our customers are increasingly diversifying into AI edge hardware beyond smartphones, injecting fresh vitality into the intelligent device market. The Group’s high-precision motors and premium acoustic products will deliver exceptional interactive experiences for these devices. In the extended reality (“XR”) market, the pace of new product launches is accelerating. By focusing on optical waveguides and light engines, and through the acquisition of leading waveguide designer Dispelix Oy (“Dispelix”), the Group has established a leadership position in augmented reality (“AR”) optics and accelerated collaboration with top global brands. Humanoid robotics represents a vast and profound market. We are applying decades of accumulated micro-motor engineering expertise to the R&D and manufacturing of robotic joints, empowering robots with superior precision, enhanced agility, and lifelike motion. Mass shipments in the second half of 2025 (“2H 2025”) are only the beginning. Going forward, we will build a comprehensive core product portfolio for robotics, integrating motors, transmission, and control.

# CEO Statement

The innovation cycle of the AI era has begun, with new hardware forms blossoming. Hearing, vision, and touch are becoming the key bridges connecting people with AI. The heat dissipation business safeguards AI devices as it continues its rapid growth. The Group consistently pursues comprehensive technological leadership in materials and structures, assisting leading customers in unlocking innovative value. Building on the precision manufacturing moat the Group has established over decades, we are transforming from a component supplier to a builder of AI perception. We extend our sincere gratitude to every customer, partner, and employee who has grown alongside us. We will maintain strategic focus, remain steadfast in our pursuit of innovation, accelerate expansion into new markets, ignite new growth engines, and continue to create long-term, cycle-transcending value for our customers and shareholders.

**Pan Benjamin Zhengmin**

*Chief Executive Officer*

19 March 2026

# Business and Market Review

In 2025, the AI industry gained significant momentum, with hardware segments such as smartphones, automotive, smart glasses, and humanoid robots entering a new, long-term innovation cycle. For the twelve months ended 31 December 2025, the Group's revenue reached a new record high of RMB31.82 billion, representing a year-on-year ("YoY") increase of 16.4%. The acoustics, electromagnetic drives, and optics businesses remained strong, while emerging sectors, most notably heat dissipation, delivered rapid growth.

The Group's gross margin stood at 22.1%, remaining flat YoY. Net profit increased by 39.8% YoY to RMB2.51 billion, mainly driven by continued improvements in the profitability of the optics business and the expanding contribution from higher-margin segments.

During the reporting period, the Group's operating cash inflow amounted to RMB7.18 billion, up by 38.1% YoY, with capital expenditure ("CAPEX") totaling RMB2.83 billion. As at 31 December 2025, the Group's net gearing ratio stood at 2.1%, reducing by 1.7 percentage points ("ppts") YoY, with cash on book increasing by 14.2% YoY to RMB8.61 billion. The Group will continue to enhance operational efficiency, implement a disciplined capital expenditure policy, and utilize the strong operating cash flow generated to underpin its long-term sustainable growth and innovation initiatives.

In line with the dividend payout ratio of 15%, the Board of Directors proposed to declare a final dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share), implying a total annual dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share). The Group will remain prudent in financial management and strong in cash flow for business development, to create long-term value for shareholders.

# Performance and Development of Business Segments

## Acoustics Business

In 2H 2025, the Group's acoustics business generated revenue of RMB4.83 billion, representing a YoY increase of 1.6% and a half-year-on-half-year ("HoH") growth of 37.0%. Gross margin reached 27.9%, up by 0.7 ppts HoH. For the full year 2025, revenue from the acoustics business amounted to RMB8.35 billion, up by 1.7% YoY, primarily driven by a steady increase in the Group's market share among key customers. Full-year gross margin was 27.6%, down by 2.6 ppts YoY.

The AI era is redefining hardware interaction paradigms, and acoustics, one of the primary output modalities of intelligent devices, is entering a new phase of opportunity. As a leading player in the mid- to high-end acoustics segment, the Group has continued to drive industry upgrades on the back of more than three decades of deep expertise. High-end products, such as the master-level super linear speakers ("SLS") and coaxial speakers, renowned for their slim design and superior sound quality, continued to achieve double-digit YoY shipment growth. Notably, our industry-first Coaxial Speaker 2.0 delivers unparalleled texture and fidelity. In addition, the Group has developed smarter and more natural dual-speaker systems for AI-enabled smartphones, creating more immersive and superior interactive experiences.

## Automotive Acoustics Business

In 2025, the Group continued to advance the application of integrated, high-end automotive acoustic system solutions across the automotive sector. Revenue from the automotive acoustics business reached RMB4.12 billion (of this total, Hebei First Light and PSG Group, which were acquired by the Group during the reporting period, contributed approximately RMB356 million), representing a YoY increase of 16.1%. The Group further expanded its market share and has now entered the ranks of the world's top ten automotive audio suppliers. Gross margin stood at 23.8%, down by 1.0 ppts YoY, primarily due to changes in product mix.

During the year, the Group showcased a broad portfolio of automotive acoustic products at the IAA Mobility, including woofer, midrange, and tweeter solutions spanning compact, ultra-thin, and highly integrated designs. Functional products developed for applications such as AVAS, engine sound simulation, and headrest audio were also presented, alongside the Group's proprietary acoustic algorithms, including exterior sound and near-field surround algorithms, NLC PRO, content track separation, and independent audio zones.

The Group is actively promoting system-level acoustic solutions. We engineered a cutting-edge 9.2.4.8 multi-dimensional acoustic architecture for the top flagship SUV, Zeekr 9X, integrating 32 speakers and 8 seat exciters to deliver an immersive 4D auditory experience. By continuously integrating a rich hardware ecosystem, advanced software algorithms, and system-level tuning capabilities, the Group is leading the evolution of automotive acoustics toward a full-stack solution encompassing "hardware and software, brand collaboration, and system tuning".

## Optics Business

In 2H 2025, revenue from the optics business was RMB3.08 billion, representing a YoY increase of 10.4% and an HoH growth of 16.3%. This performance was mainly driven by the continued upgrade of smartphone optics, as well as solid progress in the premiumization of plastic lenses and camera modules. Gross margin improved to 12.6%, up by 4.7 ppts YoY and 2.4 ppts HoH. For the full year 2025, the optics business generated revenue of RMB5.73 billion, up by 14.5% YoY, with gross margin rising by 5.0 ppts to 11.5%.

# Performance and Development of Business Segments

In 2025, leveraging industry-leading component precision, assembly efficiency, and proprietary coating technologies, the Group continued to expand its share in customers' mid- to high-end lens portfolios while further optimizing its product mix, securing multiple high-end 7P projects. Plastic lenses of 6P and above accounted for more than 18% of total shipments for the whole year, and shipments of seven-element lenses (including 7P plastic lenses and 1G6P hybrid lenses) reached around 15 million units, reinforcing the Group's position in the premium optics segment. In camera modules, shipments of modules with resolutions of 32MP and above accounted for over 40% of total volume, an increase of 8 ppts YoY, with OIS module shipments nearly doubling and periscope modules entering large-scale shipments. The Group will continue to leverage its vertically integrated capabilities spanning lenses, micro-prisms, actuation, and algorithms, building a strategic reserve to further expand its market share in high-end modules.

The year 2025 marked a milestone in the Group's expansion of wafer-level glass ("WLG") applications, with relevant products achieving a historic breakthrough in shipment volumes. Several customers' mainstream flagship series adopted the Group's 1G6P lenses and micro-prisms. In addition to offering higher light intake, thinner form factors, and higher resolution, the 1G6P lenses benefit from the Group's proprietary optical coating technologies that significantly enhance final image quality. Meanwhile, micro-prisms manufactured through WLG uni-body molding further reduce module size while increasing light intake. As the industry's first three-in-one micro-prism integrating a convex surface, prism, and concave surface, this solution has received strong customer recognition. As market demand for glass lenses and micro-prisms continues to rise, the Group believes that WLG technology, with its exceptional production efficiency and distinctive optical advantages, will become the mainstream choice for an increasing number of customers.

## Electromagnetic Drives and Precision Mechanics, and Other Related Business

In 2H 2025, the revenue of this consolidated segment increased by 17.6% YoY to RMB7.14 billion, representing an HoH growth of 54.1%. Gross margin reached 25.5%, up by 2.1 ppts YoY. For the full year 2025, revenue of this consolidated segment amounted to RMB11.77 billion, up by 21.3% YoY, mainly driven by gains in market share for x-axis linear motors, as well as the large-scale adoption of innovative side buttons and VC in the latest models of key customers. Gross margin improved to 24.5%, up by 1.2 ppts YoY, primarily due to a higher revenue contribution from high-margin products.

During the reporting period, the Group actively expanded its market share in haptics and intensified R&D efforts in intelligent motor products, continuously exploring opportunities across diverse end-use applications. As AI capabilities become increasingly embedded in smart devices and OEMs continue to demand slimmer form factors, motors are evolving toward larger actuation areas, thinner designs, and multi-motor configurations. Leveraging three decades of accumulated expertise in electromagnetic drive technologies and large-scale delivery, the Group is successfully co-developing core motor components with customers for their first AI hardware devices. In addition, the Group has launched a proprietary robotic dexterous hand solution integrating three core systems, which are motors, transmission, and control, demonstrating industrial-grade reliability, flexibility, and precision. The finger actuators, co-developed with our customers, have commenced mass production and shipments as scheduled, with revenue already exceeding RMB100 million during the year. As edge hardware form factors continue to diversify, the Group's high-precision motor business is poised to access a significantly broader market.

In 2025, the precision mechanics business achieved leapfrog growth, with gross margin improving year on year as a result of an enhanced product mix and sustained lean operations. Revenue from the heat dissipation business reached RMB1.67 billion, surging by 410.9% YoY, mainly benefiting from close collaboration with key customers on thermal innovation and rapid volume ramp-up. The Group's capabilities in thermal simulation and fully automated precision manufacturing have been highly recognized by customers, and it is actively exploring additional thermal management opportunities across a wider range of end devices. Beyond consumer electronics, the Group is advancing its presence in data center liquid cooling systems and robotic thermal management applications. The smartphone casing business generated revenue of RMB3.82 billion, up by 4.2% YoY, with the Group maintaining its leading share in customers' flagship and foldable phones.

# Performance and Development of Business Segments

## Sensor and Semiconductor Business

In 2H 2025, revenue from the SSE business was RMB963 million, representing a YoY increase of 150.6%, with gross margin standing at 14.9%, broadly stable YoY. For the full year 2025, the segment recorded revenue of RMB1.57 billion, surging by 103.1% YoY, primarily driven by an increased share of high-SNR microphones in key customers' models. Gross margin was 13.8%, down by 1.8 ppts YoY due to changes in product mix.

During the reporting period, the Group developed the industry's highest-specification microphone array solution for customers' AI smart glasses, redefining the interaction experience with a smaller form factor, lower power consumption, and an SNR of up to 77 dB. In addition, the Group has advanced the development of new sensor products, including MEMS speakers and inertial sensors, laying the groundwork for future deployment across a broader range of intelligent devices.

As voice interaction increasingly becomes one of the core interaction paradigms for intelligent devices in the AI era, high-SNR microphones have emerged as a critical enabling component. Leveraging its early strategic positioning in high-SNR microphones and an outstanding track record in mass production and delivery, the Group has established a strong technological moat in this field. Against the backdrop of AI-driven upgrades in intelligent interaction, the Group is well-positioned to capture this rapidly expanding growth opportunity through its comprehensive product portfolio.

## STRATEGY DEVELOPMENT AND OUTLOOK

The AI wave is profoundly reshaping the global industrial landscape, driving a generational leap in human-machine interaction paradigms. Against this backdrop, the Group is accelerating its strategic transformation from a component supplier to a builder of "AI perception infrastructure".

Looking ahead, innovation will remain our core engine. By combining our deep technological foundations in miniaturized components with sharp insights into user scenarios, we will continue to focus on high-growth sectors such as intelligent cockpits, data center thermal management, XR, and robotics. Through deeper global collaboration and a multi-dimensional business portfolio, we are committed to building a resilient operating ecosystem, maintaining leadership through continuous technological iteration, and delivering outstanding performance to our shareholders and customers, while enabling end users to enjoy an elevated and truly intelligent experience.

# Financial Review

## Revenue

In 2025, the Group's revenue increased YoY by 16.4%, to RMB31.82 billion. Owing to factors discussed under "Business and Market Review" above, revenue from the electromagnetic drives and precision mechanics, sensor and semiconductor, optics, and automotive & consumer acoustics products increased by RMB2,064 million, RMB797 million, RMB725 million and RMB570 million respectively.

## Gross Profit and Gross Profit Margin

In 2025, gross profit was RMB7.02 billion, representing an increase by 16.1% from the gross profit of RMB6.04 billion in 2024. The rise in gross profit was mainly driven by improvements in the gross profit of the electromagnetic drives and precision mechanics segment and the optics business.

Gross profit margin for 2025 remained stable at 22.1% as compared to 2024.

## Other Income and Expenses, Gains and Losses

The net other income and expenses, gains and losses increased by RMB365 million. This was mainly due to changes in the fair value of contingent consideration payables relating to Premium Sound Solutions ("PSS") (please refer to note 8 to the Consolidated Financial Statements).

## Administrative Expenses

Administrative expenses in 2025 were RMB1,361 million, representing an increase of 7.2% compared with RMB1,270 million in 2024. The increase was mainly due to additional investment in staff resources for new business development.

## Distribution and Selling Expenses

Distribution and selling expenses amounted to RMB754 million in 2025, representing an increase of 12.6%, compared with RMB670 million in 2024. The distribution and selling expenses to revenue ratio decreased from 2.5% to 2.4% in 2025.

## Research and Development Expenses

R&D expenses in 2025 were RMB2,311 million, 14.3% higher than RMB2,022 million in 2024. The increase was primarily driven by additional investment in new R&D projects for product upgrades and new products.

## Finance Costs

Finance costs in 2025 were RMB395 million, 5.3% lower than RMB417 million in 2024. The decrease was mainly due to a reduction in interest expenses on unsecured notes.

## Taxation

Taxation expenses of the Group were calculated based on the assessable profits of the subsidiaries at the rates prevailing in the relevant jurisdictions. Taxation expenses in 2025 amounted to RMB347 million, representing an increase of 53.1% from RMB227 million in 2024. The effective tax rate increased from 11.4% to 12.0% in 2025.

## Profit attributable to the Owners of the Company

Reported profit attributable to the owners of the Company for 2025 was RMB2,512 million, which increased by 39.8% from RMB1,797 million in 2024. The increase was mainly due to improvements in the gross profit and one-off fair value gain on contingent consideration payables relating to PSS, offset by additional expenses on new business.

## Earnings before Interest, Taxes, Depreciation and Amortization

As compared with the same period of last year, the EBITDA for the twelve-month period ended 31 December 2025 increased by 13.9% to RMB6,324 million.

# Financial Review

## Final Dividend

In line with the dividend payout ratio of 15%, the Board of Directors proposed to declare a final dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share), implying a total annual dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share). The Group will remain prudent in financial management and strong in cash flow for business development, to create long-term value for shareholders.

Subject to Shareholders' approval at the forthcoming annual general meeting to be held on 21 May 2026, the said final dividend will be payable to Shareholders of the Company, whose names appear on the register of members of the Company on 1 June 2026. Payment will be made on or about 18 June 2026.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group has always emphasized financial discipline and continues to maintain a strong liquidity position. Cash flows from (used in) operating, investing and financing activities are as follows:

	For the year ended 31 December	
	2025	2024
	RMB million	RMB million
Net cash from operating activities	7,183	5,203
Net cash (used in) investing activities	(3,952)	(3,485)
Net cash (used in) financing activities	(2,107)	(1,025)

### Operating Activities

Cash inflow from operating activities was mainly generated from cash receipts from the Group's sales. Cash outflows were related to raw materials purchases, payroll, distribution and selling expenses, expenses incurred in R&D, administrative items and taxation charges. Net cash generated from operating activities was RMB7,183 million for 2025 (2024: RMB5,203 million).

#### i. Trade Receivables and Payables

As at 31 December 2025, turnover days of trade receivables decreased by 3 days to 84 days as compared with 31 December 2024. Trade receivables decreased by RMB0.92 billion to RMB6.82 billion. Aging of trade receivables (net of allowance for doubtful debts) based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,674 million (31 December 2024: RMB7,571 million), RMB139 million (31 December 2024: RMB153 million) and RMB7 million (31 December 2024: RMB15 million) respectively. The Company has received subsequent settlement totaling RMB4,156 million up to 28 February 2026, representing 60.9% of the total amount outstanding, net of allowances, as at the end of the reporting period.

The Group's trade payables turnover days increased by 20 days to 115 days as compared to 31 December 2024. Trade payables increased by RMB1.75 billion to RMB8.71 billion. Aging of trade payables based on invoice dates between 0–90 days, 91–180 days and over 180 days were RMB6,700 million (31 December 2024: RMB5,831 million), RMB1,950 million (31 December 2024: RMB1,056 million) and RMB61 million (31 December 2024: RMB77 million) respectively.

#### ii. Inventory Turnover

As at 31 December 2025, the inventories have increased by RMB0.59 billion compared to 31 December 2024. The inventory turnover days increased to 62 days as at 31 December 2025 from approximately 60 days for 31 December 2024.

# Financial Review

## Investing Activities

Net cash used in investing activities in 2025 amounted to RMB3,952 million (2024: RMB3,485 million). It mainly represents the cash used in CAPEX of RMB2,581 million (2024: RMB2,071 million), net cash outflow on acquisition of subsidiaries of RMB1,356 million (2024: RMB1,473 million), acquisition of financial assets at FVTPL of RMB215 million (2024: RMB51 million), and additions to intangible assets of RMB101 million (2024: RMB139 million), offset by cash inflows from interests received of RMB177 million (2024: RMB187 million).

CAPEX included acquisition of land use rights, additional production plant and property, and latest automation machinery and equipment for modifications and upgrades as well as capacity expansion. For 2025 and 2024, total CAPEX incurred were RMB2,834 million and RMB2,332 million respectively. Investing activities are focused on sustained CAPEX programs in building technology platform per the Group's business progress to capture new market opportunities and support its long-term business strategies. CAPEX is funded by internal resources and bank loans, and subject to annual CAPEX budgeting and approval by the Board.

## Financing Activities

The Group recorded net cash outflow from financing activities of approximately RMB2,107 million for 2025. Major outflows were due to repayment of bank loans and unsecured notes of RMB4,710 million (2024: RMB5,575 million), share repurchases of RMB955 million (2024: RMB203 million), return of capital contributions from non-controlling interests of a subsidiary of RMB516 million (2024: RMB236 million), interests paid of RMB382 million (2024: RMB371 million), dividend paid of RMB264 million (2024: RMB104 million), repayment of lease liabilities of RMB217 million (2024: RMB114 million), and major inflows from bank loans raised of RMB4,985 million (2024: RMB5,551 million).

## Cash and Cash Equivalents and Short-Term Fixed Deposits

As at 31 December 2025, the unencumbered cash and cash equivalents of the Group amounted to RMB8,612 million (31 December 2024: RMB7,538 million), of which 85.6% (31 December 2024: 48.7%) was denominated in US dollar, 10.3% (31 December 2024: 44.6%) in RMB, 1.5% (31 December 2024: 2.6%) in Euros, 1.0% (31 December 2024: 1.1%) in Singapore dollar, 0.3% (31 December 2024: 1.6%) in Vietnamese Dong, 0.3% (31 December 2024: 0.5%) in Hong Kong dollar, and 1.0% (31 December 2024: 0.9%) in other currencies.

## Gearing Ratio and Indebtedness

As at 31 December 2025, the Group's gearing ratio, defined as total loans and unsecured notes divided by total assets, was 19.6% (31 December 2024: 20.0%). Netting off cash and cash equivalents and short-term fixed deposits, net gearing ratio was 2.1% (31 December 2024: 3.8%).

As at 31 December 2025, the unsecured notes of the Group were RMB3,642 million (31 December 2024: RMB3,721 million), the short-term bank loans and long-term bank loans of the Group amounted to RMB383 million (31 December 2024: RMB1,728 million) and RMB5,592 million (31 December 2024: RMB3,883 million) respectively.

## Charges on Group Assets

Apart from pledged bank deposits amounting to RMB13 million as at 31 December 2025 (31 December 2024: RMB1 million) and restricted bank deposits of nil as at 31 December 2025 (31 December 2024: RMB5 million), no other group assets were charged to any financial institutions.

## OFF-BALANCE SHEET TRANSACTIONS

As at 31 December 2025, the Group had not entered into any material off-balance sheet transactions.

## EVENTS AFTER THE REPORTING PERIOD

For details of the events after the reporting period, please refer to note 47 to the Consolidated Financial Statements.

# Key Risk Factors

The Company is committed to building sustainable risk management and operational information systems. We have been focusing on systematic review and upgrading our risk and control measures in chosen business processes, benchmarking against international best practices. Such systems are designed to manage the risk of failure to achieve business objectives, and can provide reasonable assurance against material misstatement or loss. Certain key risk factors affecting the Group are outlined below. The list of these factors is non-exhaustive, and there may be other risks and uncertainties which are not known to the Group or which may be immaterial now but could become material in the future.

The Board recognizes its joint responsibility for supervising the risk management and internal control systems, including the ESG (Environmental, Social, and Governance) risks of the Group, and for annually reviewing their effectiveness via the Audit and Risk Committee and the Sustainability Committee (collectively referred to as the “Two Committees”). The Audit and Risk Committee helps the Board carry out its corporate governance duties in overseeing the Group’s strategic, market, operational, financial, and compliance risks, as well as the resourcing of both financial and internal audit functions. Meanwhile, the Sustainability Committee is in charge of climate, health and safety, and cyber-security risks, along with ESG performance and reporting compliance.

The Company has set up an ERM (Enterprise Risk Management) framework to effectively identify, evaluate, mitigate, and monitor the sustainability risks. The Board and the Two Committees are committed to improving their governance practices by making sure that there are robust mechanisms for comprehensive risk supervision. Through continuous commitment to the ERM framework, the Group aims to foster a culture of accountability and transparency in managing sustainability risks.

## Risks Pertaining to the Smartphones Market

A substantial part of the Group’s revenue is derived from the smartphone sector of the consumer electronics market. There are uncertainties due to the potential slowdown in the global economy and the ensuing dampened consumer sentiment and weaker demand. The global economy faces challenges as geopolitical complexities intensify, which may affect our operating results and financial performance. To tackle this, the Group is continuously widening its products and technological platforms to extend its reach to different end applications, including a recent major acquisition made in the automotive market, so as to diversify the sources of revenue and profit to reduce its dependency on any single market segment. According to the climate scenario analysis, shifting market preferences for low-carbon products is one of the most important opportunities. The growth of electric vehicle (EV) market and existing strategic partnerships with EV brands will lead to new revenue streams.

## Reliance on a Number of Key Customers

The Group’s five largest customers, which accounted for 72.5% of the Group’s total revenue for 2025, are all related to the consumer smart devices industry, characterized by innovation-driven and user experience-oriented business growth. Loss of or changes in market position of any of these customers may materially and adversely affect the Group’s business, financial condition and results of operations. Nevertheless, the Group has focused on technology innovation to continuously enhance user experience meeting customers’ specification upgrade needs. We have also implemented standardized procedures for handling all forms of customer information to ensure it is not improperly or inadvertently disclosed to third parties. The Group has established strong relationships with these major customers; all of them have been our long-standing customers with good credit records.

# Key Risk Factors

## **Production Disruption due to Unforeseeable Events and Supply Chain Adversities**

Geopolitical events among different nations may impose unpredictable impacts on the global markets and the Company, such as disruptions to the global supply of commodities, including base metals, and increases in commodity prices. Any continuous increase in the prices of raw materials might lead to margin compression. Furthermore, geopolitical uncertainties may directly or indirectly impact the Group's customers, which in turn may disrupt supply chain and impact end-consumer demand. Supply chain challenges in meeting environmental, health and safety standards may also adversely affect production schedules, which may potentially result in customer dissatisfaction, reputational damage and financial losses. These are the transition risks in relation to policy and legal risk and market risk.

To address these risks, the Group established the Quality and Operations Committee. The committee actively monitors the regulatory environment and allocates resources to plan and comply with regulatory requirements and customer demands. A robust quality management system has been implemented to ensure that all production facilities are certified under the International Organization for Standardization (ISO) standards for quality management and the International Electrotechnical Commission Quality Assessment System for Electronic Components (IECQ) standards for electronic component quality. The Company conducts internal and external audits every year to ensure the efficacy of its product quality and procurement channels. Additionally, the Group has established a robust supplier management process and adopted a long-standing Supplier Code of Conduct, requiring suppliers to maintain compliance with various standards, including labor and human rights protections, health and safety regulations, and environmental safeguards. Ultimately, this will lead to the development of low-carbon supply chain. This proactive approach not only mitigates risks but also enhances the overall resilience of the supply chain.

## **Operational, Technology Obsolescence and ESG Considerations**

The Group's operations include design and delivery of innovative technology solutions. Our business remains dedicated to advancing miniature components while developing cutting-edge products and technologies platforms. However, changes in technological design and performance specifications or related external factors linked with environmental, social, and governance (ESG) considerations may have various levels of negative impact on our operational outcome. In meeting future design specifications and production quality requirements, the Group has implemented robust processes to ensure standards are met.

The Group ensures that its new technology solutions and miniature components align with sustainability standards. This includes applying eco-friendlier materials, and ceasing the use of conflict minerals, promoting energy efficiency, and considering the recyclability of products. Changes in environmental regulations or shifts in consumer preferences towards more sustainable products could impact the Group's operations and lead to product obsolescence, necessitating a proactive approach to environmental considerations in product design and development. The Group has established a quality management system that ensures all products undergo thorough testing to meet customer requirements, hazardous waste management requirements and international standards. This system, which is part of our operational "big data" system, is continuously evaluated and improved internally.

The Group's annual budget includes significant investment in R&D in order to build sustainable technology roadmaps, explore more sustainable revenue stream products and intellectual property portfolios. As data security is a critical concern, the Group treats information security as a strategic priority. The Group has implemented comprehensive measures to protect data assets from breaches, leaks, and hacks, which are also essential for maintaining customer trust and avoiding reputational damage. Moreover, adhering to social standards and regulations, such as the Ethical Trading Initiative and Social Accountability 8000 International Standard, the Group constantly considers social impact of its technologies, ensuring social equalities and that positive contributions are made to society.

# Key Risk Factors

## Climate Resilience and Adaption

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on ESG considerations relating to businesses, such as climate change, suppliers' compliance with ESG criteria and human resources management. In addition, the Company makes statements about its goals and initiatives through its various non-financial reports, information provided on its website, press statements and other communications. Responding to these ESG considerations and implementing these initiatives involve risks and opportunities.

The Company has published stand-alone annual Sustainability Reports since 2012. Continuously, ESG-related reporting obligations and compliance practices are to evolve, which may expose the Group to increased costs, reputational risks and other potential adverse effects, such as increased attention to climate change. Climate change presents significant and acute transition risks to businesses and communities globally. Prolonged and extreme weather increases operational complexities, as well as manufacturing and maintenance costs. Furthermore, employees' health may also be impacted. Trending customers' preference for green products may impact revenue due to change in product demands. The enactment of more stringent laws and regulations relating to environmental impact may also increase our compliance costs.

The Group has established the Sustainability Committee and reorganized the Sustainability Working Group in 2024. A comprehensive Climate Change Policy has been implemented to drive sustainability progress and manage climate impacts through mitigation, adaptation, and resilience strategies. Our commitment to integrating climate-related issues into our sustainability management system includes the ISO standard of environmental management and energy management. To enhance long-term energy conservation opportunities, the Group continues to adopt energy-saving technologies, establish energy-efficiency facilities and develop sustainable products.

## Liquidity and Interest Rate Risk

The Group manages liquidity risk by maintaining an adequate level of cash and cash equivalents through continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group is exposed to interest rate risks on its bank loans for working capital and CAPEX that are associated with the expansion of the Group. The Group focuses on mitigating the liquidity and interest rate risks, with an appropriate mix of RMB/USD borrowings that are constantly reviewed and adjusted. The Group's USD deposits served as a natural hedge against the risk of interest rate volatilities to some extent. The Group also maintains an appropriate mix of fixed/floating rate debts, an even debt repayment profile and a diversified source of funding, including the issuance of long-term five-year and ten-year unsecured notes. As at 31 December 2025, over 61% of debts were fixed rate debts.

The Group's financial assets include cash and cash equivalents, short term fixed deposits, pledged bank deposits, restricted bank deposits, trade and other receivables, amounts due from related companies, derivative financial instruments, financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, which represent the Group's maximum exposure to credit risk in relation to financial assets. The credit risk on liquidity is limited because the counterparties are established banks with good credit-ratings.

# Key Risk Factors

## Foreign Exchange Risks

Given our international operations and presence, the Group faces foreign exchange exposures including transaction and translation exposures, and is exposed to exchange rate risks that could impact financial reporting results. The Group's current reporting currency is RMB and our sales outside China are predominantly denominated in USD.

It is the Group's consistent policy to centralize foreign exchange management to monitor total foreign currency exposure, to net off affiliate positions, and, if necessary, to consolidate hedging transactions with banks. The cash inflows to the Group in denomination of the two currencies, namely RMB and USD, are mostly, over time, in balanced proportions. In addition, various bank facilities have been arranged in these two currencies, to meet our daily operating expenses and capital investment requirements. Hence, in our operating business model, the Group's revenue is mostly matched to the currencies of the outlay. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts.

## On-going Global Trade Frictions and Geopolitical Risks

Prolonged trade frictions coupled with geopolitical instability in key regions, might lead to a slowdown in the global consumer electronics and automotive markets and a decline in orders by the key customers of the Group, which could have a material adverse effect on the Group's business, results of operations and financial conditions. Furthermore, other related regulations and government measures including tariffs, export controls, economic sanctions and similar regulations may include additional costs, restrictions and prohibitions on the sale or supply of certain products and on the transfer of parts, components, and related technical information and know-how to certain countries, regions, governments, persons and entities.

The Group is committed to complying with applicable laws and regulations related to export controls and economic sanctions. As at the date of this annual report, the Group's results of operations have not been materially affected by the expansion of relevant laws and regulations such as export controls and economic sanctions, or the new rules or measures adopted to counteract them. Nevertheless, depending on future developments in the global trade tensions, there is no assurance that such regulations, rules, or measures will not have an adverse impact on the Group's business and operations.

The Group has implemented a trade control compliance management system and has set up a trade compliance committee for overall management of the Group's trade compliance initiatives. The Trade Compliance Department is to coordinate with and support other departments on trade compliance matters. The Group's dedication to R&D to develop proprietary innovative technologies, and the Group's strategy in integrating R&D all over the world with our diversified manufacturing bases should help to continue to provide the best solutions to customers and mitigate some of the adverse business impact of the trade frictions and geopolitical risks.

## PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and results of operation of the Group as set out in this annual report are historical in nature and past performance is not a guarantee of future performance. This annual report may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this annual report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialize or turn out to be incorrect.

Besides, this annual report does not constitute a recommendation or advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

# Biographies of Directors, Senior Management and Company Secretaries

## EXECUTIVE DIRECTORS

### **Mr. Pan Benjamin Zhengmin (“Mr. Benjamin Pan”)**

*Aged 57, ED and CEO*

*Appointed to the Board: 15 December 2003*

Mr. Benjamin Pan co-founded the Group in 1993. He is responsible for providing strategic direction and leadership and for developing and implementing the Group’s strategic objectives and business plans. Specifically, Mr. Benjamin Pan has held critical leadership roles with responsibilities for overseeing the sales, marketing, research and development, manufacturing, along with the Group’s international expansions and operations. In addition to his experience in sales and marketing, manufacturing and management, he has also been instrumental in leading our research and development strategy, and has developed a number of patents used in the design and manufacturing of some of the Company’s acoustic products.

Mr. Benjamin Pan graduated from 江蘇省武進師範學校 (Jiangsu Province Wujin Teacher School) in 1987. Mr. Benjamin Pan is the spouse of Ms. Wu Ingrid Chun Yuan, a NED and a substantial Shareholder of the Company; and the father of Mr. Kelvin Pan, the Executive Vice President and Chief Innovation Officer of the Company.

Save as disclosed above, Mr. Benjamin Pan does not have any relationships with other Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Benjamin Pan and the interests of Mr. Benjamin Pan in the shares (within the meaning of Divisions 7 and 8 of Part XV of the SFO are respectively set out in the “DIRECTORS AND SERVICE CONTRACTS” section and “DIRECTORS’ AND CHIEF EXECUTIVE’S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES” section of the Directors’ Report on pages 37 to 41 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## **Mr. Mok Joe Kuen Richard (“Mr. Richard Mok”)**

*Aged 62, ED and MD*

*Appointed to the Board: April 2005 as INED*

*Redesignated: 5 October 2009 as ED*

*Chairman of Sustainability Committee*

Mr. Richard Mok is responsible for overall business operations and, in particular, works jointly with the CEO and Executive Vice President on sustainability, internal audit and risk management of the Group. He is also a director of various subsidiaries of the Company. He has over 20 years of experience in the financial services industry, including employments with international accountancy firms such as KPMG, the Hong Kong-listed South China Holdings Company Limited, the investment banking firm, Asian Capital Partners Group and the Hong Kong-listed financial services group Dah Sing Financial Holdings Limited.

Mr. Richard Mok is a member of the HKICPA and the Institute of Chartered Accountants in England and Wales. He graduated with a bachelor’s degree of Economics from the London School of Economics and Political Science, London University and held a diploma in applied psychology from Hong Kong Baptist University.

Mr. Richard Mok does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Richard Mok and the interests of Mr. Richard Mok in the shares (within the meaning of Divisions 7 and 8 of Part XV of the SFO) are respectively set out in the “DIRECTORS AND SERVICE CONTRACTS” section and “DIRECTORS’ AND CHIEF EXECUTIVE’S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES” section of the Directors’ Report on pages 37 to 41 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## NON-EXECUTIVE DIRECTOR

### **Ms. Wu Ingrid Chun Yuan (“Ms. Ingrid Wu”)**

*Aged 55, NED*

*Appointed to the Board: 4 December 2003*

*Member of Nomination Committee and Sustainability Committee*

Ms. Ingrid Wu co-founded the Group in 1993. As a NED of the Group, she is not involved in the day-to-day operations of the Group.

Ms. Ingrid Wu graduated from 常州衛生學校 (Changzhou School of Public Health) in 1989. She is the spouse of Mr. Benjamin Pan, an executive Director, CEO and a substantial Shareholder of the Company; and the mother of Mr. Kelvin Pan, the Executive Vice President and Chief Innovation Officer of the Company. She is also a director of Sapphire Hill Holdings Limited and K&G International Limited, both substantial Shareholders of the Company.

Save as disclosed above, Ms. Ingrid Wu does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Ms. Ingrid Wu and the interests of Ms. Ingrid Wu in the shares (within the meaning of Divisions 7 and 8 of Part XV of the SFO) are respectively set out in the “DIRECTORS AND SERVICE CONTRACTS” section and “DIRECTORS’ AND CHIEF EXECUTIVE’S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES” section of the Directors’ Report on pages 37 to 41 of this annual report.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. Zhang Hongjiang (“Mr. Zhang”)**

*Aged 65, INED, Chairman of the Board*

*Appointed to the Board: 1 January 2019*

*Chairman of Nomination Committee*

*Member of Audit and Risk Committee and Remuneration Committee*

Mr. Zhang is currently an independent director of Zepp Health Corporation (formerly known as Huami Corp, listed in the US), and an independent non-executive director of XPeng Inc. (listed in the US and Hong Kong), and an independent director of Ant Group. He is a venture partner of Source Code Capital and a Senior Advisor to The Carlyle Group’s Asian private equity platform.

Previously, Mr. Zhang was an independent director of Digital China Group Co., Ltd. (神州數碼集團股份有限公司) (listed in Shenzhen) and an independent non-executive director of BabyTree Group (listed in Hong Kong), and was the chief executive officer and executive director of Kingsoft Corporation Limited (listed in Hong Kong) and a former director of Cheetah Mobile Inc., Xunlei Ltd. and 21Vianet Group, Inc. (all listed in the US). Mr. Zhang was a director and chief executive officer at Kingsoft Cloud Holdings Limited. He also served as the chief technology officer at Microsoft Asia R&D Group and assistant managing director of Microsoft Research Asia. He was appointed as one of the first 10 Microsoft Distinguished Scientists in 2010.

Mr. Zhang is a foreign member of US National Academy of Engineering, a Fellow of IEEE and ACM. Mr. Zhang received a Philosophy Doctor in Electrical Engineering from the Technical University of Denmark. He graduated with a Bachelor of Science degree from Zhengzhou University.

Mr. Zhang was the recipient of the 2012 ACM SIGMM Outstanding Technical Achievement Award, the 2010 IEEE Computer Society Technical Achievement Award, and the 2008 Asian American Engineer of the Year award.

Mr. Zhang does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Zhang is set out in the “DIRECTORS AND SERVICE CONTRACTS” section of the Directors’ Report on pages 37 to 38 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## **Mr. Kwok Lam Kwong Larry (“Mr. Kwok”), SBS, JP**

*Aged 70, INED*

*Appointed to the Board: 1 February 2018*

*Chairman of Audit and Risk Committee*

*Member of Remuneration Committee and Sustainability Committee*

Mr. Kwok is currently an independent non-executive director of Café de Coral Holdings Limited, Shenwan Hongyuan (H.K.) Limited, Starlite Holdings Limited (all listed in Hong Kong) and China Oilfield Services Limited (listed in Hong Kong and Shanghai), and a non-executive director of First Shanghai Investments Limited (listed in Hong Kong). He is also an independent non-executive director of CMB Wing Lung Bank Limited, a private company in Hong Kong, and honorary treasurer of Heep Hong Society, a charitable institution in Hong Kong. Mr. Kwok is a practicing solicitor in Hong Kong, and is a partner of Kwok Yih & Chan (“KYC”), Solicitors. Prior to founding KYC, he worked in a number of international law firms, including Baker & McKenzie, Simmons & Simmons (Partner), Andersen Legal (Managing Partner, Greater China), Mallesons Stephen Jaques (Managing Partner, Greater China) and King & Wood Mallesons (Managing Partner, Asia Strategy & Markets). Mr. Kwok graduated from the University of Sydney, Australia with double degrees in accounting/economics and laws respectively as well as a master’s degree in laws. He also obtained the Advanced Management Program Diploma from the Harvard Business School. He is a solicitor qualified in Hong Kong, Australia, England and Wales and Singapore. He is also qualified as a Chartered Accountant in England and Wales and a CPA in Hong Kong and Australia.

Mr. Kwok has served regularly on Government boards and committees. Previously, he was Chairman of the Transport Advisory Committee, Chairman of the Independent Police Complaints Council, Convenor of the Disciplinary Appeals Committee of the Hong Kong Stock Exchange, Chairman of the Traffic Accident Victims Assistance Advisory Committee, Chairman of the Appeal Board of the Criminal & Law Enforcement Injuries Compensation Boards, Vice-Chairman of the Consumer Council and Deputy Chairman of the Appeal Board under the Consumer Goods Safety Ordinance. Currently, he is Chairman of the Buildings Appeal Tribunal Panel and an arbitrator of the Shenzhen Court of International Arbitration.

Mr. Kwok does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Kwok is set out in the “DIRECTORS AND SERVICE CONTRACTS” section of the Directors’ Report on pages 37 to 38 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## **Mr. Peng Zhiyuan (“Mr. Peng”)**

*Aged 53, INED*

*Appointed to the Board: 1 January 2019*

*Chairman of Remuneration Committee*

*Member of Audit and Risk Committee, Nomination Committee and Sustainability Committee*

Mr. Peng has over 20 years of experience in corporate finance and management. He has served as senior management in various multi-national institutions over the past 20 years. He is currently the Global Strategy Officer for Sands Capital Management.

Previously, Mr. Peng was the founder and chief executive officer of a start-up company in Virginia in innovative eco-friendly technology applications. He was the managing director in the Securities Division and the Investment Banking Division at Goldman Sachs (Asia), and executive director in the Fixed Income Division at Morgan Stanley. Mr. Peng also served in various roles with Standard Chartered Bank, Bank One (now J.P. Morgan), and AVIC International.

Mr. Peng is a board member of the board of trustees for University of Virginia Health Foundation, and the board of directors for CAV Angels, a non-profit early stage angel investment network affiliated with University of Virginia community. He also served on the board of trustees for University of Virginia Darden School Foundation, and Virginia Foundation for Independent Colleges. Mr. Peng holds a Master of Business Administration from University of Virginia’s Darden Business School, and a Bachelor’s degree in Engineering and Finance from Beijing University of Aeronautics and Astronautics.

Mr. Peng does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Peng is set out in the “DIRECTORS AND SERVICE CONTRACTS” section of the Directors’ Report on pages 37 to 38 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## **Mr. Cheng Kwang Ting**

*Aged 65, INED*

*Appointed to the Board: 13 January 2026*

Mr. Cheng Kwang Ting holds a doctorate degree in electrical engineering and computer sciences from the University of California, Berkeley. His research and technical contributions encompass AI chip design, electronic design automation, computer vision, embedded systems, and AI for health. He has already published over 600 papers, co-authored five books, and held more than 20 patents. Mr. Cheng Kwang Ting is a Fellow of the Institute of Electrical and Electronics Engineers and the Association for Computing Machinery, as well as a member of the Hong Kong Academy of Engineering Sciences. He was also named a Fellow of the School of Engineering at the University of Tokyo.

Mr. Cheng Kwang Ting was the Founding Chief Technology Officer of Verplex Systems Inc., and had served on the technical advisory boards of various US companies, namely, Novas Software Inc., Atrenta Inc., and Calypto Design Systems Inc.. Since September 2020, Mr. Cheng Kwang Ting has been an independent director of Jadard Technology Inc. (深圳天德鈺科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688252). Mr. Cheng Kwang Ting is Chair Professor and Vice President for Research and Development at The Hong Kong University of Science and Technology, and Distinguished Professor Emeritus at the University of California, Santa Barbara. He also serves as the Center Director of the AI Chip Center for Emerging Smart System, a research center under the InnoHK initiative of the Hong Kong Special Administrative Region Government.

Mr. Cheng Kwang Ting does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Cheng Kwang Ting is set out in the "DIRECTORS AND SERVICE CONTRACTS" section of the Directors' Report on pages 37 to 38 of this annual report.

# Biographies of Directors, Senior Management and Company Secretaries

## **Mr. Cheng James Su-Ting**

*Aged 65, INED*

*Appointed to the Board: 27 January 2026*

Mr. Cheng James Su-Ting has over 35 years' experience as a technology entrepreneur, angel and private capital investor, business leader and has been a senior government executive of the Commonwealth of Virginia in the United States. He currently serves as: (i) an advisor and Chief Strategy Officer for Pamunkey Indian Enterprises; (ii) a co-founder and board member of CAV Angels, a non-profit angel investment group; (iii) an Executive Lecturer of Entrepreneurship at the University of Virginia ("UVA"), School of Engineering and Applied Science; (iv) a Vice Chairman of the Virginia Growth and Opportunity State Board ("GO Virginia"); (v) a board member of the Department of Conservation and Recreation of the Virginia State Government, as well as (vi) a board member of PFP Cybersecurity, Inc. He is also a member/advisor to several other angel/venture groups and high-tech startups and serves on numerous boards/advisory boards of community non-profit organizations and for-profit technology companies.

Mr. Cheng James Su-Ting had served as the Secretary of Commerce and Trade for the Commonwealth of Virginia from January 2010 to January 2014. Before that, Mr. Cheng James Su-Ting was the chief executive officer of Computer & Hi-tech Management Inc., an IT service company he founded, and received numerous awards as technology entrepreneur in the IT contracting industry. Mr. Cheng James Su-Ting holds a Bachelor of Science Degree in Computer Science from Old Dominion University, a Master of Business Administration Degree from the UVA, Darden Graduate School of Business Administration, and a Juris Doctor Degree from Georgetown University Law Center. He is a member of each of the Virginia State Bar and the District of Columbia Bar.

Mr. Cheng James Su-Ting does not have any relationships with other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

The term of appointment of Mr. Cheng James Su-Ting is set out in the "DIRECTORS AND SERVICE CONTRACTS" section of the Directors' Report on pages 37 to 38 of this annual report.

## **CHANGES IN DIRECTORS' INFORMATION DISCLOSED UNDER RULE 13.51B(1) OF THE HONG KONG LISTING RULES**

Changes in Directors' information since the date of the 2025 Interim Report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules, are set out as follows:

1. Ms. Ingrid Wu was appointed as a member of the Nomination Committee of the Company with effect from 1 October 2025; and
2. Mr. Kwok has ceased to be a member of the Nomination Committee of the Company with effect from 1 October 2025.

## SENIOR MANAGEMENT

### **Mr. Pan Kaitai Kelvin (“Mr. Kelvin Pan”)**

*Aged 34, Executive Vice President (EVP) and Chief Innovation Officer*

*Date of Appointment: 1 January 2021*

*Member of Sustainability Committee*

Mr. Kelvin Pan joined the Company in March 2014 and currently serves as the Executive Vice President (effective from 1 January 2021) and Chief Innovation Officer (effective from 24 August 2019) of AAC Technologies.

In 2016, Mr. Kelvin Pan started AAC Technologies’ first digital transformation when he served as the Vice President of IT and R&D department, during which he led major reforms in corporate product roadmaps, new technology introductions, and system solutions product lines.

Since 2016, Mr. Kelvin Pan has spearheaded the Research Institute’s efforts to analyze technical challenges and future product development directions across various sectors. He has driven additional R&D efforts in both fundamental and applied technologies, facilitating high-level technical collaborations between the institute and leading universities around the world. Notable collaborations include Tsinghua University, Huazhong University of Science and Technology, Nanjing University, Institutes of the German Fraunhofer Society, Purdue University in the United States, Kyoto University and Osaka University in Japan, Aalto University and the CSC – IT Center for Science in Finland, amongst others. These collaborations have significantly enhanced the Group’s theoretical and simulation capabilities in device design and applications. As a result, the Group has raised its technical standards to new heights and elevated R&D’s technical abilities in process simulation and big data analysis, new material development and application, and industrial equipment development, as well as incubated a deep pool of core technical talent to develop new innovations.

In 2018, Mr. Kelvin Pan collaborated with McKinsey & Co and personally led the strategic corporate transformation of the Company. This included developing the Android haptics motors business from scratch to a multi-million-dollar business, continuously building up the system product capabilities, and leading his team to promote AAC Technologies’ automotive audio system to market.

Since 2021, Mr. Kelvin Pan serves as the Executive Vice President and Chief Innovation Officer of the Group, and is responsible for the Company’s overall business operation, while leading the Company’s strategic planning and execution, and new business planning. In 2022, Mr. Kelvin Pan led the completion of the Company’s corporate transformation, which resulted in a remarkable increase in annual revenue amidst a difficult external market environment, and drove expansion into new business markets such as automotive intelligent cockpit device solutions and AR/VR device products, successfully achieving mass production. Meanwhile, Mr. Kelvin Pan was committed to promoting a vertically integrated value chain business model, and providing sensory experience solutions integrated with hardware, chips and algorithms.

In 2023, Mr. Kelvin Pan led the strategic efforts for the Group to acquire Premium Sound Solutions (PSS), a key milestone in supporting the growth of the automotive audio segment. Mr. Kelvin Pan has been elected Chairman of the Board of PSS, providing executive leadership across all the business activities and operations, along with leading the integration efforts within the enlarged AAC Group.

Mr. Kelvin Pan holds a Bachelor of Science degree in Mathematics and Computer Science awarded by Boston University. He is the son of Mr. Benjamin Pan, an ED and the CEO of the Company, and Ms. Ingrid Wu, a NED of the Company, both of them are the substantial Shareholders of the Company.

# Biographies of Directors, Senior Management and Company Secretaries

## **Ms. Guo Dan (“Ms. Guo”)**

*Aged 43, Chief Financial Officer*

*Date of Appointment: 2 November 2020*

Ms. Guo joined the Company in March 2020 and has been appointed as the Chief Financial Officer of the Company with effect from 2 November 2020. Ms. Guo is responsible in leading the Group’s global finance team to formulate and execute financial strategies to deliver the Group’s strategic growth targets and drive long-term value to Shareholders.

Ms. Guo has over thirteen years of investment banking experience at Goldman Sachs (Asia) L.L.C., where she served as Executive Director, and has extensive experience in leading capital raising, investment banking and risk management deals. She is active in supporting non-profit sectors across various initiatives including diversity and equal opportunities etc. She currently serves as a Board member of HandsOn Hong Kong (HOHK), a non-profit organization promoting volunteerism and providing broad-based support to over one hundred NGOs in Hong Kong.

Ms. Guo holds a Master of Science degree from the University of Oxford after completion of undergraduate and postgraduate studies at the University. Ms. Guo earned a Master of Business Administration degree issued by both Kellogg School of Management at Northwestern University, and the School of Business and Management at the Hong Kong University of Science and Technology. Ms. Guo is also a qualified CPA with CPA Australia.

## **Mr. David Plekenpol (“Mr. Plekenpol”)**

*Aged 66, Chairman of European and American Regions*

*Date of Appointment: 20 November 2019*

Formerly our Chief Strategic Officer, Mr. Plekenpol joined the Company in February 2010. He had led the advanced technology team to identify forward-looking technologies to be integrated with the Company’s products and solution platforms to contribute to the creation of superior and differentiated end-user experiences. Mr. Plekenpol has been appointed as chairman of European and American Regions, with the objective to establish a stronger corporate presence in these regions and re-enforce strategic relationships between the Group and regional customers, suppliers and governments. He is responsible for the investigation and tracking of new technologies from these regions and their potential impact to AAC Technologies. Importantly, through the globalization strategy of AAC Technologies, he will assist the Group to identify and recruit top technical, marketing and management personnel in these regions.

Mr. Plekenpol has spent over 30 years in the telecom industry, with executive positions in both Lucent and Alcatel. He has founded two Silicon Valley venture capital backed startup companies, led sales and marketing for an optical component startup in Scotland and spent two years with a venture capital backed Chinese mobile design startup in Shanghai before joining AAC Technologies. Mr. Plekenpol is a member of the international advisory board for the University of Edinburgh Business School. He has an undergraduate degree from Dartmouth College and an MBA from the Graduate School of Business at Stanford University.

# Biographies of Directors, Senior Management and Company Secretaries

## JOINT COMPANY SECRETARIES

### **Mr. Ho Siu Tak Jonathan (“Mr. Ho”)**

*Aged 53, Group Legal Director, Joint Company Secretary*

*Date of Appointment: 25 March 2020*

Mr. Ho joined the Company in April 2018 and serves as the Group Legal Director and Joint Company Secretary. He is a Hong Kong-qualified solicitor with over 20 years of post-qualification experience in legal, regulatory and corporate governance matters.

Mr. Ho obtained a Master’s degree in Economic Law from Peking University and a Bachelor of Laws (Honours) from the University of Hong Kong. Prior to joining the Company, he held senior legal and company secretarial roles at several Hong Kong blue-chip and dual-listed groups, where he advised boards and senior management on corporate strategy, capital markets transactions, regulatory compliance, risk oversight and corporate governance.

### **Ms. Guan Muyi (“Ms. Guan”)**

*Aged 44, Legal and Compliance Director, Joint Company Secretary*

*Date of Appointment: 1 January 2023*

Ms. Guan joined the Company in October 2020 and currently serves as Legal and Compliance Director as well as Joint Company Secretary. She has over 15 years of experience in legal, regulatory compliance, and corporate governance matters.

Ms. Guan holds a Master of Laws degree in International Business Law from the City University of Hong Kong and a Bachelor of Laws degree from Guangdong University of Finance and Economics. She is qualified as a PRC Law Practitioner and is a member of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. In addition, she holds the ESG Reporting Certification issued by the Hong Kong Chartered Governance Institute.

Prior to joining the Company, Ms. Guan worked at Baker & McKenzie and with companies listed on the Hong Kong Main Board.

# Directors' Report

The Directors of the Company present their annual report and the audited consolidated financial statements for the year ended 31 December 2025, which were approved by the Board of Directors on 19 March 2026.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 44 to the consolidated financial statements.

## BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in Management Discussion and Analysis on pages 14 to 17 of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 39 to the consolidated financial statements. Details of principal risks and uncertainties affecting the Company are provided in Key Risk Factors on pages 21 to 24 of this annual report. Details of the events after the reporting period can be found in the Financial Review on page 20 of this annual report. An analysis of the Group's performance is provided in the summary of the results and of the assets and liabilities of the Group for the last five financial years as set out on page 196 of this annual report. Analysis using financial key performance indicators (KPIs) is provided in the Financial Highlights on pages 6 to 7 and Financial Review on pages 18 to 20 of this annual report. In addition, discussions on the Group's ESG policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Corporate Governance Report and section headed "Sustainability" on pages 60 to 102. The sustainability report for 2025 is available on the Company's website on the same date as the publication of this annual report.

## RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 107 to 108.

In line with the dividend payout ratio of 15%, the Board of Directors proposed to declare a final dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share), implying a total annual dividend of HK\$0.35 per share for FY 2025 (FY 2024: HK\$0.24 per share). The Group will remain prudent in financial management and strong in cash flow for business development, to create long-term value for its shareholders.

Subject to Shareholders' approval at the forthcoming annual general meeting to be held on 21 May 2026, the said final dividend will be payable to Shareholders of the Company, whose names appear on the register of members of the Company on 1 June 2026. Payment will be made on or about 18 June 2026.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

# Directors' Report

## DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the aggregate of the retained earnings, the share premium accounts and the special reserve which amounted to RMB148,817,000 as at 31 December 2025 (2024: RMB474,998,000). For details of the movements in the reserves, please refer to note 46 to the consolidated financial statements. Under Section 34 of the Companies Act of the Cayman Islands, the share premium of the Company is available for distribution or paying dividends to Shareholders subject to the provisions of its Memorandum and the Articles and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

## PRE-EMPTIVE RIGHT

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

## SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 34 to the consolidated financial statements.

## DIRECTORS AND SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this annual report are:

### Executive Directors

Mr. Pan Benjamin Zhengmin (CEO)  
Mr. Mok Joe Kuen Richard (MD)

### Non-executive Director

Ms. Wu Ingrid Chun Yuan

### Independent Non-executive Directors

Mr. Zhang Hongjiang (Chairman of the Board)  
Mr. Kwok Lam Kwong Larry  
Mr. Peng Zhiyuan  
Mr. Cheng Kwang Ting (appointed on 13 January 2026)  
Mr. Cheng James Su-Ting (appointed on 27 January 2026)

### Appointment and Re-election of the Directors of the Company

In accordance with Article 84 of the Articles of Association, Mr. Kwok and Mr. Richard Mok, being the Directors longest in office since their last re-election, will retire from office by rotation at the forthcoming AGM of the Company to be held in 2026 (the "2026 AGM"), and being eligible, offer themselves for re-election at the 2026 AGM.

Pursuant to Article 83 of the Articles of Association, Mr. Cheng Kwang Ting and Mr. Cheng James Su-Ting, being the newly appointed Directors, will retire at the 2026 AGM, and being eligible, offer themselves for re-election at the 2026 AGM.

# Directors' Report

## Directors' Service Contract

Mr. Kwok has entered into a letter of appointment with the Company for a term from the date of AGM of the Company held on 23 May 2024 until the conclusion of the 2026 AGM. Mr. Kwok will enter into a letter of appointment with the Company for a term from the date of 2026 AGM to be held on 21 May 2026 until the conclusion of the AGM of the Company to be held in 2028, which can be terminated on the earlier of (i) the date of expiry of the above period; or (ii) his cessation of being a Director of the Company for any reason pursuant to the Company's Articles or any applicable law.

Each of Mr. Zhang, Mr. Peng, Ms. Ingrid Wu, Mr. Benjamin Pan and Mr. Richard Mok has entered into a letter of appointment with the Company for a term from the date of 2025 AGM held on 22 May 2025 until the conclusion of the AGM of the Company to be held in 2027, which can be terminated on the earlier of (i) the date of expiry of the above period; or (ii) their cessation of being a Director of the Company for any reason pursuant to the Company's Articles or any applicable law.

Mr. Cheng Kwang Ting has entered into a letter of appointment with the Company for a term from 13 January 2026 until the conclusion of the AGM of the Company to be held in 2028, which can be terminated on the earlier of (i) the date of expiry of the above period; or (ii) his cessation of being a Director of the Company for any reason pursuant to the Company's Articles or any applicable law.

Mr. Cheng James Su-Ting has entered into a letter of appointment with the Company for a term from 27 January 2026 until the conclusion of the AGM of the Company to be held in 2028, which can be terminated on the earlier of (i) the date of expiry of the above period; or (ii) his cessation of being a Director of the Company for any reason pursuant to the Company's Articles or any applicable law.

No Director of the Company proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company confirms that it has received from its INEDs annual confirmations of their independence as regards each of the factors referred to in Rule 3.13 of the Hong Kong Listing Rules. The two INEDs appointed after the year ended 31 December 2025 have also provided confirmations of their independence as regards each of the factors referred to in Rule 3.13 of the Hong Kong Listing Rules at the time of their respective appointments. The Board considers that all INEDs are independent.

Biographical details of the Directors of the Company and senior management of the Group as at the date of this annual report are set out on pages 25 to 35.

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES

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

Long positions in the Shares of the Company:

Name of Directors	Capacity	Number of Ordinary Shares					Interests in Treasury Shares	Total number of Shares	Percentage of the Company's Issued Shares as at 31 December 2025 <sup>(1)</sup>
		Personal interests	Corporate interests	Spouse interests	Trust interests				
Mr. Benjamin Pan <sup>(2)</sup>	Beneficial owner/interest of spouse/ interest of controlled corporation/ founder of a discretionary trust/ others	70,262,162	51,439,440	263,420,525	54,238,524	30,249,500	469,610,151	39.18%	
Ms. Ingrid Wu <sup>(3)</sup>	Interest of spouse/interest of controlled corporation/founder of a discretionary trust/others	-	263,420,525	122,952,005	52,988,121	30,249,500	469,610,151	39.18%	
Mr. Richard Mok <sup>(4)</sup>	Beneficial owner/beneficiary of a trust (other than a discretionary trust)	279,195	-	-	35,558	-	314,753	0.02%	

Notes:

- (1) Percentage was computed based on the 1,198,500,000 issued Shares (including treasury Shares) as at 31 December 2025.
- (2) Mr. Benjamin Pan beneficially owns 70,262,162 Shares. In addition, Mr. Benjamin Pan is also deemed or taken to be interested in the following Shares for the purpose of the SFO:
  - (i) 51,439,440 Shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Benjamin Pan;
  - (ii) 263,420,525 Shares representing the aggregate of (a) 134,828,594 Shares which are beneficially owned by Sapphire Hill Holdings Limited and (b) 128,591,931 Shares which are beneficially owned by K&G International Limited. These two companies are wholly-owned by Ms. Ingrid Wu and as Ms. Ingrid Wu is his spouse, he is deemed to be interested in such 263,420,525 Shares;

# Directors' Report

- (iii) 54,238,524 Shares representing the aggregate of (a) 50,618,699 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10 May 2005; (b) 2,369,422 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10 May 2005. Two of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants are over the age of 18 and have no discretion over distributions or investments until such distributions are made to them; and (c) 1,250,403 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendant, as beneficiaries of the Pan 2020 Exempt Trust dated 3 December 2020. One of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants is under the age of 18 and has no discretion over distributions or investments in the trust until distribution is made to him; and
  - (iv) 30,249,500 Shares, being the treasury Shares held by the Company as at 31 December 2025, in which Mr. Benjamin Pan and Ms. Ingrid Wu are taken to have an interest by virtue of the SFO, as Mr. Benjamin Pan and Ms. Ingrid Wu together control one-third or more of the voting power at general meetings of the Company.
- (3) Ms. Ingrid Wu is deemed or taken to be interested in the following Shares for the purposes of the SFO:
- (i) 263,420,525 Shares representing the aggregate of (a) 134,828,594 Shares which are beneficially owned by Sapphire Hill Holdings Limited; and (b) 128,591,931 Shares which are beneficially owned by K&G International Limited. These two companies are wholly-owned by Ms. Ingrid Wu;
  - (ii) 122,952,005 Shares representing the aggregate of (a) 51,439,440 Shares which are beneficially owned by Silver Island Limited, a company wholly-owned by Mr. Benjamin Pan; (b) 70,262,162 Shares which are beneficially owned by Mr. Benjamin Pan; and (c) 1,250,403 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendant, as beneficiaries of the Pan 2020 Exempt Trust dated 3 December 2020, and as Mr. Benjamin Pan is her spouse, she is deemed to be interested in such 122,952,005 Shares;
  - (iii) 52,988,121 Shares representing the aggregate of (a) 50,618,699 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Irrevocable Trust dated 10 May 2005; and (b) 2,369,422 Shares which are deemed to be interested by Mr. Benjamin Pan and Ms. Ingrid Wu's descendants, as beneficiaries of the Pan 2005 Exempt Trust dated 10 May 2005. Two of Mr. Benjamin Pan and Ms. Ingrid Wu's descendants are over the age of 18 and they have no discretion over distributions or investments until such distributions are made to them; and
  - (iv) 30,249,500 Shares, being the treasury Shares held by the Company as at 31 December 2025, in which Mr. Benjamin Pan and Ms. Ingrid Wu are taken to have an interest by virtue of the SFO, as Mr. Benjamin Pan and Ms. Ingrid Wu together control one-third or more of the voting power at general meetings of the Company.
- (4) On 24 March 2022, Mr. Richard Mok was granted 99,195 awarded Shares pursuant to the 2016 Share Award Scheme. These Shares were fully vested on 24 March 2023, 24 March 2024 and 24 March 2025, respectively. On 23 May 2025, Mr. Richard Mok was further granted 35,558 awarded Shares pursuant to the 2016 Share Award Scheme. Please refer to the section headed "2016 Share Award Scheme" for particulars of share awards granted to Mr. Richard Mok.

Other than as disclosed above, as at 31 December 2025, none of the Directors of the Company, chief executive nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register of interests required to be kept by the Company under Section 352 of the SFO.

## Disclosure of Conflict of Interest

Directors are requested to declare their personal or business interests, if any, in any transactions to be considered by the Board and such declaration of interest would be reviewed and discussed prior to the Board meetings and, as appropriate, Directors will or will be asked to abstain from voting in the meetings.

Please refer to the section headed "MAJOR CUSTOMERS AND SUPPLIERS" on page 57 of this annual report for any Directors' interest in any of the five largest customers or suppliers.

# Directors' Report

## Arrangements to Purchase Shares or Debentures

Save as disclosed in this annual report, at no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company or their close associates (as defined under the Hong Kong Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## MATERIAL ACQUISITIONS AND DISPOSALS

### Acquisition of Hebei First Light Auto Parts Co., Ltd.\*

On 28 March 2025, AAC (China) Investment Group Co., Ltd.\* (瑞聲(中國)投資集團有限公司) ("AAC Investment", an indirect wholly-owned subsidiary of the Company, formerly known as AAC (China) Investment Co., Ltd. (瑞聲(中國)投資有限公司), entered into a share purchase and capital increase agreement with Hebei First Light Auto Parts Co., Ltd.\* (河北初光汽車部件有限公司) ("Hebei First Light"), Mr. Yuan Changzuo and Mr. Zheng Xianjie (collectively, the "FL Founders"), pursuant to which AAC Investment agreed to acquire approximately 53.74% interests in Hebei First Light at the total consideration of approximately RMB288 million (the "FL Acquisition").

Completion of the FL Acquisition took place on 12 June 2025. Upon completion, Hebei First Light became an indirect non-wholly owned subsidiary of the Company. The FL Founders hold the remaining interests in Hebei First Light. The FL Founders, together with Hebei First Light's other existing core management, continue to manage the operations of Hebei First Light.

The FL Acquisition is expected to further enhance the Group's acoustic system solutions capabilities, including strengthening electronic component module competencies in consumer electronics and achieving a comprehensive closed-loop solution in automotive applications – spanning sound sensing, processing and audio playing. Subsequent to the FL Acquisition, the Group will leverage its established global network to accelerate Hebei First Light's international market expansion. For further information of the FL Acquisition, please refer to the announcement of the Company dated 28 March 2025.

### Acquisition of Acoustics Solutions International B.V.

On 10 August 2023, AAC Technologies (Belgium) BV ("AAC Belgium") and AAC Technologies Pte. Ltd. (as the guarantor of AAC Belgium's obligations), both of which are wholly-owned subsidiaries of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which AAC Belgium agreed to purchase all of the issued shares in Acoustics Solutions International B.V. (the "Target") from Acoustics Solutions Holding B.V. and Stichting Administratiekantoor Acoustics Solutions International (collectively, the "Sellers") in two tranches, with the First Tranche Shares and the Second Tranche Shares comprising 80% and 20%, respectively, of the issued shares in the capital of the Target (the "PSS Acquisition").

The First Tranche Purchase Price comprises the sum of: (i) US\$320,000,000 (representing an equity value of US\$400,000,000 for 100% of the Sale Shares) plus (ii) interest on the Initial Purchase Price calculated on a daily basis at the rate of 6.75% per annum from the First Tranche Effective Date (being 1 April 2023) to the date of First Tranche Completion less (iii) the Price Adjusting Leakage (if any). The Second Tranche Purchase Price comprises the sum of: (i) an agreed multiple of the Target EBITDA plus (ii) the Target Adjusted Net Financial Debt (Cash) multiplied by 20% (being the percentage of the issued share capital of the Target which the Second Tranche Shares represent) plus (iii) interest on the Second Tranche Purchase Price calculated on a daily basis at the rate of 6.75% per annum from the Second Tranche Effective Date (being 1 April 2025) (or the Postponed Second Tranche Effective Date, being 1 April 2026 or 1 April 2027) to the date of Second Tranche Completion. The purchase price amount of US\$204,613,000, together with interest thereon, was the maximum price AAC Belgium would pay for the Second Tranche Shares.

# Directors' Report

As the highest applicable percentage ratio in respect of the PSS Acquisition exceeded 25% but was less than 100%, the PSS Acquisition constituted a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Accordingly, the PSS Acquisition was subject to the reporting, announcement and shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

The PSS Acquisition was approved by the Shareholders at the extraordinary general meeting convened on 6 February 2024.

The First Tranche Completion of the PSS Acquisition took place on 9 February 2024 in accordance with the terms of the Sale and Purchase Agreement. Immediately upon the First Tranche Completion, the Target became an indirect, 80%-owned subsidiary of the Company with its financial results consolidated with that of the Company.

The Second Tranche Completion of the PSS Acquisition took place on 31 July 2025 in accordance with the terms of the Sale and Purchase Agreement. The Second Tranche Purchase Price was determined in accordance with the Shareholders' Agreement and the total purchase price for the Second Tranche Shares was US\$128.6 million together with interest thereon. Immediately upon the Second Tranche Completion, the Target became an indirect, wholly-owned subsidiary of the Company.

The Group commenced its business in automotive in 2021 and the PSS Acquisition was a strategic move designed to expedite the Group's diversification and enhancement of its audio solution portfolio in the automotive industry. The PSS Acquisition was not merely an addition to the Group's offerings but a significant transformation that would synergise with the Group's current strengths and enhance its position in the dynamic mobility market. With the benefit of the First Tranche Completion, the Group would integrate its existing capabilities with the Target Group's rich products portfolio, global manufacturing operations as well as solid established supply relationships with global original equipment manufacturers, and was set to deliver a broad set of innovative, both branded and unbranded, system solutions that would elevate the infotainment and sensory experience for users, marking a leap forward in the Group's offerings.

For more details of the background, the terms of the Sale and Purchase Agreement, the Shareholders' Agreement, the reasons for, and benefit of, the PSS Acquisition, the information of the Target Group and the Sellers, financial effects of the PSS Acquisition, accountants' report on the Target Group, management discussion and analysis of the Target Group, unaudited pro forma financial information of the Enlarged Group, please refer to the announcements of the Company dated 10 August 2023, 30 November 2023, 6 February 2024, 9 February 2024 and 31 July 2025, and the circular dated 18 January 2024. Unless otherwise defined, the capitalised terms referred in this section shall have the same meanings as those defined in the circular of the Company dated 18 January 2024.

Save for those disclosed in this annual report, there were no other significant investments held, nor were there other material acquisitions or disposals of subsidiaries during the year ended 31 December 2025. Apart from those disclosed in this annual report, there were no material investments or additions of capital assets authorised by the Board at the date of this annual report.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During 2025, the Group had entered into the connected transactions and continuing connected transactions with certain connected persons of the Company reported in this section. They constituted non-exempt connected transactions and continuing connected transactions subject only to the announcement, reporting and annual review requirement under Chapter 14A of the Hong Kong Listing Rules.

# Directors' Report

## 2023 Master Lease Agreements

In order to continue to secure ongoing and future office and production premises as required, the Group entered into certain master lease agreements (the "2023 Master Lease Agreements") with the respective lessors for the renewing lease of offices and production facilities necessary for the business activities of the Group on 16 December 2022. A summary of the transactions is as follows:

Date of agreement	Lessee Group	Lessor Group	Property	Total Leased		Usage	Expected Annual Rents Payable RMB'000*	2025 Actual Rents Paid RMB'000*
				Floor Area (Approximately sq.m)	Term			
16.12.2022	The Group	深圳市遠宇實業發展有限公司 (Shenzhen Yuanyu Industrial Development Co., Ltd.) ("Shenzhen Yuanyu")	The Shenzhen Yuanyu Nanda Premises at Nanda Buildings, Nanshan, Shenzhen, PRC	11,631	1.1.2023 – 31.12.2025	Offices	2023 – 15,640 2024 – 15,764 2025 – 16,682	13,671
16.12.2022	The Group	常州市來方圓電子有限公司 (Changzhou Laifangyuan Electronics Co., Ltd.) ("Changzhou LFY")	The Changzhou LFY Gang Qiao Premises at Nanxiashu Town, Wujin District, Changzhou, Jiangsu Province, PRC	10,385 (including ancillary areas)	1.1.2023 – 31.12.2025	Factory and warehouse	2023 – 1,777 2024 – 1,777 2025 – 1,777	1,711
16.12.2022	The Group	越南紅光塑業有限公司 (Hongguang Viet Nam Plastic Company Limited) ("HVPC")	The HVPC Premises at Lot E3-3, Que Vo IP, Van Duong Commune, Bac Ninh city, Bac Ninh Province, Vietnam	3,344	1.1.2023 – 31.12.2025	Warehouse	2023 – US\$160,600 2024 – US\$160,600 2025 – US\$160,600 (excluding estimated water and electricity costs)	1,145 (US\$160,512)

\* Unless otherwise stated.

## 2023 Master Purchase Agreements

The Group entered into certain master purchase agreements (the "2023 Master Purchase Agreements") with respective suppliers in order to assure the continuous supply of production materials to cope with the Group's expected production needs on similar terms on 16 December 2022. A summary of the transactions is as follows:

Date of agreement	Purchaser Group	Supplier Group	Materials for purchase	Term	Annual Caps RMB'000	2025 Actual RMB'000
16.12.2022	The Group	(a) 常州凌迪電子科技有限公司 (Changzhou Lingdi Electronics Technologies Co., Ltd.) ("Changzhou Lingdi"); and (b) HVPC	Certain packing materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier brands, plastic plates and plastic trays	1.1.2023 – 31.12.2025	2023 – 140,000 2024 – 140,000 2025 – 140,000	55,656
16.12.2022	The Group	常州市友晟電子有限公司 (Changzhou Yousheng Electronics Co., Ltd.) ("Changzhou Yousheng")	Parts for use in acoustic and optical components e.g. foam and domes	1.1.2023 – 31.12.2025	2023 – 90,000 2024 – 90,000 2025 – 90,000	89,523

# Directors' Report

Pursuant to the 2023 Master Lease Agreements and 2023 Master Purchase Agreements, relevant members of the Group entered into separated leasing agreements and purchase orders with respect to each of the connected transactions and continuing connected transactions. The terms of, and the consideration payable under each of these leasing agreements and purchase orders were negotiated on arm's length bases, on normal commercial terms or better, which, from the Group's perspective, were no less favorable than those which the relevant members of the Group could obtain from independent third-parties. In addition to the above, to ensure the transactions contemplated under the 2023 Master Purchase Agreements were fair and reasonable, the Group obtained quotations from no less than two independent third-party suppliers in addition to the quotation from connected person so that the Group will compare three quotations for procurement of materials and products. For more details of the background, historical figures, purchase pricing mechanism, IT procurement system, basis of evaluation and assessment of, reasons for and benefits of entering into the 2023 Master Lease Agreements and 2023 Master Purchase Agreements, and the information of the counterparties, please refer to the announcement of the Company dated 16 December 2022.

## 2026 Master Lease Agreements (Renewal of 2023 Master Lease Agreements and Entering into a New Master Lease Agreement)

In view of the expiry of the 2023 Master Lease Agreements, and in order to ensure that the Group can continue its production and operating activities at the current locations, which are either currently being used as the Group's operational premises or are located in close proximity to the Group's other premises, and to meet the Group's production needs, the Group entered into new master lease agreements to renew the three existing leases under the 2023 Master Lease Agreements and entered into a new master lease agreement with the respective lessors on 16 December 2025 (collectively, "2026 Master Lease Agreements"). The 2026 Master Lease Agreements renewed existing leases and established a new lease for offices and production facilities necessary for the business activities of the Group. A summary of the transactions is as follows:

Date of agreement	Lessee Group	Lessor Group	Property	Total Leased Floor Area (Approximately sq.m)	Term	Usage	Expected Annual Rents Payable RMB'000*	Renewal/New
16.12.2025	The Group	(a) Shenzhen Yuanyu; and (b) 迅成(深圳)管理有限公司 (Xuncheng (Shenzhen) Management Co., Ltd.) ("Xuncheng Shenzhen")	The Shenzhen Yuanyu Nanda Premises at Nanda Buildings, Nanshan, Shenzhen, PRC.	11,631	1.1.2026 – 31.12.2028	Offices	2026 – 9,940 2027 – 11,864 2028 – 12,457	Renewal
16.12.2025	The Group	Changzhou LFY	The Changzhou LFY Gang Qiao Premises at Gang Qiao, Nanxiashu Town, Wujin District, Changzhou, Jiangsu Province, PRC.	14,691 (including ancillary areas)	1.1.2026 – 31.12.2028	Factory and warehouse	2026 – 1,948 2027 – 1,948 2028 – 1,948	Renewal
16.12.2025	The Group	HVPC	The HVPC Premises at Lot E3-3, Que Vo IP, Van Duong Commune, Bac Ninh city, Bac Ninh Province, Vietnam.	3,344	1.1.2026 – 31.12.2028	Warehouse	2026 – US\$160,600 2027 – US\$160,600 2028 – US\$160,600	Renewal
16.12.2025	The Group	常州市武进特種電子器材有限公司 (Changzhou Wujin Specialized Electronic Equipment Co., Ltd.) ("Changzhou Wujin")	The Changzhou Wujin Miao Qiao Premises at Miao Qiao, Nanxiashu Town, Wujin District, Changzhou, Jiangsu Province, PRC	1,836	1.1.2026 – 31.12.2028	Storage of energy and power distribution equipment	2026 – 432 2027 – 432 2028 – 432	New

\* Unless otherwise stated.

# Directors' Report

## 2026 Master Purchase Agreements (Renewal of 2023 Master Purchase Agreements)

In view of the expiry of the 2023 Master Purchase Agreements, and in order to ensure that the Group can continue purchasing the materials and products that comply with the specifications and requirements of the Group, the Group entered into new master purchase agreements to renew the 2023 Master Purchase Agreements with the respective supplier on 16 December 2025 (the "2026 Master Purchase Agreements"). A summary of the transactions is as follows:

Date of agreement	Purchaser Group	Supplier Group	Materials for purchase	Term	Annual Caps RMB'000	Renewal/New
16.12.2025	The Group	(a) Changzhou Lingdi; and (b) HVPC	Certain packing materials and products including but not limited to foam blocks, calcium plastic boards, load plates, carrier brands, plastic plates and plastic trays	1.1.2026 – 31.12.2028	2026 – 140,000 2027 – 140,000 2028 – 140,000	Renewal
16.12.2025	The Group	Changzhou Yousheng	Certain materials such as foam, adhesives, mesh, domes, ear cushions, insulation mats and resistance neeb for use in acoustic and optical components	1.1.2026 – 31.12.2028	2026 – 146,000 2027 – 171,000 2028 – 200,000	Renewal

Pursuant to the 2026 Master Lease Agreements and 2026 Master Purchase Agreements, relevant members of the Group entered into separated leasing agreements and purchase orders with respect to each of the connected transactions and continuing connected transactions. The terms of, and the consideration payable under each of these leasing agreements and purchase orders were negotiated on arm's length bases, on normal commercial terms or better, which, from the Group's perspective, were no less favorable than those which the relevant members of the Group could obtain from independent third-parties. In addition to the above, to ensure the transactions contemplated under the 2026 Master Purchase Agreements were fair and reasonable, the Group obtained quotations from no less than two independent third-party suppliers in addition to the quotation from connected person so that the Group will compare three quotations for procurement of materials and products. For more details of the background, historical figures, purchase pricing mechanism, IT procurement system, basis of evaluation and assessment of, reasons for and benefits of entering into the 2026 Master Lease Agreements and 2026 Master Purchase Agreements, and the information of the counterparties, please refer to the announcement of the Company dated 16 December 2025.

# Directors' Report

## The Connected Relationships

The relevant parties to the above connected transactions and continuing connected transaction with the Group and a description of their connected relationships with the Group as at 31 December 2025 are as follows:

The connected party	The person in relation with connected party
Changzhou LFY	A company owned as to 50% by each of Mr. Pan Zhonglai (Mr. Benjamin Pan's father) and Ms. Xie Yufang (Mr. Benjamin Pan's mother)
Changzhou Lingdi	A company owned as to 60% by Ms. Wu Yayuan (Ms. Ingrid Wu's sister) and 40% by Mr. Ye Minghan (Ms. Ingrid Wu's nephew)
Changzhou Wujin	A company owned as to 90% by Mr. Pan Junmin (Mr. Benjamin Pan's brother) and 10% by Mr. Pan Zhonglai (Mr. Benjamin Pan's father)
Changzhou Yousheng	A company wholly-owned by Mr. Pan Xiaotai (Mr. Benjamin Pan's nephew)
HVPC	A company indirectly wholly-owned by Ms. Wu Yayuan (Ms. Ingrid Wu's sister)
Shenzhen Yuanyu	A company wholly-owned by Ms. Ye Huamei (Ms. Ingrid Wu's mother)
Xuncheng Shenzhen	A company wholly-owned by Ms. Ingrid Wu

## Loan Agreement

In order to facilitate the repurchase of interests in the share incentive platforms from exiting participants of the Subsidiary Share Incentive Scheme by Tianjin Chengrui, the general partner of each of the share incentive platforms, AAC Optics, a non-wholly owned subsidiary of the Company, entered into the revolving loan agreement (the "Loan Agreement") with Tianjin Chengrui on 1 December 2023, pursuant to which AAC Optics agreed to provide a revolving loan (the "Loan") to Tianjin Chengrui for a period of three years with a principal amount not exceeding RMB74,000,000, subject to the maximum outstanding balance, including principal and accrued interest, not exceeding RMB83,000,000 at any time during the period of the Loan Agreement, which constitutes the annual caps for each financial year during the period of the Loan Agreement.

The interest rate under the Loan Agreement is the loan prime rate (LPR) for loans with a maturity of one year announced by the National Interbank Funding Center under the authority of the People's Bank of China, which is 3.45% as at the date of the Loan Agreement, prevailing on the date of each drawdown and arrived at after arm's length negotiation between AAC Optics and Tianjin Chengrui. Interest shall accrue from the date of payment by AAC Optics to the designated bank account of Tianjin Chengrui for each drawdown and shall be calculated based on the actual number of days that the Loan remains outstanding, on the basis of 360 days per annum. Tianjin Chengrui may repay the outstanding balance, including principal and accrued interest, from time to time during the period of the Loan Agreement. Upon expiry of the period of the Loan, Tianjin Chengrui shall repay the outstanding principal amount together with all accrued interest in full in one lump sum. The Loan is unsecured.

Tianjin Chengrui is the general partner of each of the share incentive platforms under the Subsidiary Share Incentive Scheme. The Loan is provided by the Group to Tianjin Chengrui to repurchase interests in the Share Incentive Platforms from exiting participants of the Subsidiary Share Incentive Scheme, including participants who ceased to be employees of AAC Optics and its subsidiaries (collectively, the "AAC Optics Group"), in accordance with the relevant terms of the Subsidiary Share Incentive Scheme. After such repurchase of interests, Tianjin Chengrui will hold the repurchased interests as reserve for future awards to eligible employees of the AAC Optics Group and relevant personnel, and thus be used for continued operation of the Subsidiary Share Incentive Scheme.

# Directors' Report

The Company considers that the provision of the loan by the Group will assist the smooth implementation and maintenance of the operation of the Subsidiary Share Incentive Scheme, and in turn further the objectives of the Subsidiary Share Incentive Scheme, including using the Share Incentive Platforms as vehicles to provide the selected employees of the AAC Optics Group and relevant personnel a means to have equity in AAC Optics and recognising and further encouraging the dedication of management staff at all levels and core personnel of the AAC Optics Group.

A summary of the transactions is as follows:

Date of Agreement	Lender	Borrower	Term	Annual Caps <sup>(1)</sup>	2025 Actual
				RMB'000	Amount <sup>(2)</sup> RMB'000
1.12.2023	AAC Optics (Changzhou) Co., Ltd. (辰瑞光學(常州)股份有限公司), ("AAC Optics")	Tianjin Chengrui Technology Co., Ltd. (天津成瑞科技有限公司) ("Tianjin Chengrui")	1.12.2023-30.11.2026	83,000	20,531

Notes:

- (1) being the maximum outstanding balance of the Loan during the period of the Loan Agreement
- (2) including the outstanding balance of the principal amount of RMB19,134,000 as at 31 December 2025 and incurred interest of RMB1,397,000

Tianjin Chengrui is wholly-owned by Mr. Kelvin Pan, a director of AAC Optics and the son of Mr. Benjamin Pan, an ED, the CEO and a controlling Shareholder of the Company, and Ms. Ingrid Wu, a NED and a controlling Shareholder of the Company. As such, Tianjin Chengrui is a connected person under Chapter 14A of the Hong Kong Listing Rules and the transactions contemplated under the Loan Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. For more details of the background, the terms of the Loan Agreement, the reasons for and benefits of entering into the same, and the information of the counterparties, please refer to the announcement of the Company dated 1 December 2023.

## Internal Audit Review

The Group's internal audit has reviewed the connected transactions and continuing connected transactions for the year ended 31 December 2025, and the internal control systems. The Group's internal audit has (i) conducted quarterly evaluation and assessment on the internal control systems, the pricing mechanism and the Group's IT procurement system; (ii) performed regular internal audit checking on the Group's connected transactions and continuing connected transactions; (iii) alerted the Group's compliance and procurement departments on a timely basis if there is any issue identified; and (iv) submitted a quarterly report to the Directors regarding the results of the above-mentioned evaluation, assessment as well as internal audit checking so as to ensure that the connected transactions and continuing connected transactions in 2025 were conducted in accordance with the terms of the 2023 Master Lease Agreements; the 2023 Master Purchase Agreements, and the Loan Agreement, and in compliance with the internal control systems. The internal audit found that the internal control procedures put in place by the Company were adequate and effective, and reported the same to the Audit and Risk Committee and the Board in their annual review and confirmation.

# Directors' Report

## Confirmation from the Directors and the Auditors

The Audit and Risk Committee and the Board (including INEDs) had reviewed the connected transactions and continuing connected transactions in 2025 and the findings and reports provided by the Group's internal audit, and were satisfied that the pricing mechanism and internal control systems in place were sufficient and effective. It was confirmed by the INEDs that the transactions were entered into by the Group (a) except the Loan Agreement, in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has engaged its external auditor to review the Group's connected transactions and continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company reported that the auditor had confirmed the matters set out in Rule 14A.56 of the Hong Kong Listing Rules regarding the connected transactions and continuing connected transactions for the year ended 31 December 2025.

Other than as disclosed above, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the year are set out in note 43 to the consolidated financial statements and include transactions that constitute connected transactions and continuing connected transactions for which the disclosure requirements under the Hong Kong Listing Rules have been complied with.

## SUBSTANTIAL SHAREHOLDERS

So far as the Directors and chief executive of the Company are aware, as at 31 December 2025, the register of interests and short positions kept by the Company under Section 336 of the SFO, other than the Directors and chief executive of the Company, showed that the following persons held interests or short positions in the Company's Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, some of which were represented the same batch of the trust interests of Mr. Benjamin Pan and Ms. Ingrid Wu as disclosed in the section of "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" above:

Name of Shareholders	Capacity	Number of Shares	Derivative interest	Percentage of the Company's issued Shares as at 31 December 2025 <sup>(1)</sup>
JPMorgan Chase & Co. <sup>(2)</sup>	Interest of controlled corporation/	55,275,191 (L)	11,946,630 (L)	5.60%
	Person have security interest in	3,146,652 (S)	8,720,350 (S)	0.99%
	Shares/Investment Manager/ Trustee/Approved Lending Agent	21,725,819 (P)		1.81%

L – Long position

S – Short position

P – Lending pool

# Directors' Report

## Notes:

- (1) Percentage was computed based on the 1,198,500,000 issued Shares (including treasury Shares) as at 31 December 2025.
- (2) JPMorgan Chase & Co., through its various 100% controlled corporations ("JPMorgan Group"), is indirectly interested in (i) an aggregate of 55,275,191 Shares and an aggregate of 11,946,630 derivative interests, including listed derivative interests of 2,542,000 Shares with physically settled, unlisted derivative interests of 2,961,816 Shares with physically settled and unlisted derivative interests of 6,442,814 Shares with cash settled in long position; and (ii) an aggregate of 3,146,652 Shares and an aggregate of 8,720,350 derivative interests, including listed derivative interests of 473,000 Shares with physically settled, listed derivative interests of 223,300 Shares with cash settled, unlisted derivative interests of 6,034,143 Shares with physically settled, and unlisted derivative interests of 1,989,907 Shares with cash settled in short position. Among Shares held by JPMorgan Group in long position, 52,988,121 Shares were held by it as a trustee, which formed part of other interests of Mr. Benjamin Pan and Ms. Ingrid Wu as disclosed in the section of "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" above.

In addition to the above, JPMorgan Chase & Co. is also interested in 21,725,819 Shares in lending pool as described in the SFO. The term "lending pool" is defined as (i) shares that the approved lending agent holds as agent for a third party which he is authorised to lend and other shares that can be lent according to the requirements of the Securities Borrowing and Lending Rules; and (ii) shares that have been lent by the approved lending agent and only if the right of the approved lending agent to require the return of the shares has not yet been extinguished.

- (3) Please refer to the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" for the interests held by Mr. Benjamin Pan, Ms. Ingrid Wu and their associates, who are also substantial Shareholders of the Company.

## EMOLUMENT POLICY

The Remuneration Committee assisted the Board in formulating remuneration policy, reviewing and making recommendation to the Board on approval of senior management's proposals regarding the emoluments of the Directors and the senior management of the Company, with reference to the Board's corporate goals and objectives. Responsibilities and work performed in 2025 by the Remuneration Committee are stated on pages 79 to 81 in the Corporate Governance Report.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles, subject to relevant laws, every Director of the Company shall be indemnified out of the assets of the Company against all losses and liabilities which the Directors of the Company may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors of the Company throughout the financial year and such insurance cover remained in force as at the date of this annual report.

# Directors' Report

## SHARE AWARD SCHEMES & SUBSIDIARY SHARE INCENTIVE SCHEME

### 2016 Share Award Scheme

As announced by the Company on 23 March 2016, the Board resolved to adopt a share award scheme (the "2016 Share Award Scheme") in which the Employees (other than the Excluded Employees) may be selected by the Board to participate. As disclosed in the Company's announcement dated 28 April 2025, the 2016 Share Award Scheme was amended with effect from 28 April 2025 to, amongst others, (i) remove relevant clauses for issuing or allotting new Shares to the 2016 Scheme Trustee; and (ii) allow the Shares held by the 2016 Scheme Trustee, except for the outstanding awarded Shares being held by the 2016 Scheme Trustee for the benefit of the employees under the 2016 Share Award Scheme, to be transferred to other trustee(s) of any other trust(s) constituted or to be constituted for the purpose of implementing share award scheme(s) that has been adopted and/or may be adopted by the Company at any time during or after the trust period upon written instructions by the Board to the 2016 Scheme Trustee.

The purpose of the 2016 Share Award Scheme is to permit the Company to grant awards to the Selected Employees as incentives for their contributions to the Group and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the 2016 Share Award Scheme (the "2016 Scheme Rules"), the 2016 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 23 March 2016.

In this section, Employee(s) refers to any employee (including without limitation any executive director but excluding any non-executive director or independent non-executive director) of any member of the Group; Excluded Employee(s) refers to any Employee who is resident in a place where the award of the awarded Shares and/or the vesting and transfer of the awarded Shares pursuant to the terms of the 2016 Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or Bank of Communications Trustee Limited, an independent trustee appointed by the Company for managing the 2016 Share Award Scheme (the "2016 Scheme Trustee") (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee; Selected Employee(s) refers to Employee(s) selected by the Board pursuant to the 2016 Scheme Rules for participation in the 2016 Share Award Scheme.

Subject to the provisions of the 2016 Scheme Rules, the Board may, from time to time, exercise its absolute discretion in selecting any Employee (other than any Excluded Employee) for participation in the 2016 Share Award Scheme as a Selected Employee, and grant such number of awarded Shares to any Selected Employee at no consideration. The 2016 Scheme Rules do not provide for any amount which will be payable on acceptance of the award or period within which payments must be made.

The maximum number of Shares that may be awarded under the 2016 Share Award Scheme during its term is limited to 1.65% (i.e. 19,775,250 Shares as at 19 March 2026) of the issued share capital of the Company from time to time. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2016 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,992,500 Shares as at 19 March 2026) of the issued share capital of the Company from time to time. Pursuant to the 2016 Share Award Scheme, Shares will be purchased on the Hong Kong Stock Exchange, by the 2016 Scheme Trustee at the cost of the Company and will be held by the 2016 Scheme Trustee on trust for the Selected Employee(s) under the 2016 Share Award Scheme before vesting.

Since the date of adoption of the 2016 Share Award Scheme and up to 31 December 2025, no new Shares have been issued to the 2016 Scheme Trustee pursuant to the 2016 Scheme Rules and trust deed of the 2016 Share Award Scheme. During the year ended 31 December 2025, no Shares were purchased by the 2016 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2016 Share Award Scheme. The total number of Shares available for purchase by the 2016 Scheme Trustee under the 2016 Share Award Scheme are 250 Shares, representing approximately 0.00002% of the issued share capital of the Company as at 19 March 2026.

# Directors' Report

Since the date of adoption of the 2016 Share Award Scheme and up to 31 December 2025, (i) a total of 10,230,593 awarded Shares were granted to 340 employees on 24 March 2022 at nil consideration, in which 2,722,799, 2,627,518 and 2,529,863 awarded Shares had been vested to employees on 24 March 2023, 24 March 2024 and 24 March 2025, respectively; and (ii) a total of 3,559,294 awarded Shares were granted to 536 employees on 23 May 2025 at nil consideration. The awarded Shares shall be vested in the grantees at nil consideration subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective grant notice to each grantee (including a period of continued service within the Group after the grant of the Award and performance targets which must be attained).

Given that no Shares were issued in respect of the awarded Shares granted during the year ended 31 December 2025, the number of Shares that could be issued in respect of the awarded Shares granted under the 2016 Share Award Scheme during the year ended 31 December 2025 divided by the weighted average number of Shares in issue for the year ended 31 December 2025 was nil.

As at 31 December 2025, the 2016 Scheme Trustee held a total of 12,378,531 unvested Shares under the 2016 Share Award Scheme, and the remaining Shares which could be further awarded under the 2016 Share Award Scheme were 8,335,776 Shares.

Details of the awarded Shares and a summary of the movements under the 2016 Share Award Scheme during the year were set out as follows:

Grantees	Date of grant	Vesting period	Closing price of Shares immediately before the date of grant HK\$	Number of awarded Shares					Unvested as at 31 December 2025	Weighted average closing price immediately before the date of vest HK\$
				Unvested as at 1 January 2025	Granted during the year	Cancelled during the year	Lapsed during the year	Vested during the year		
<b>Director of the Company</b>										
Mr. Richard Mok	24 March 2022	24 March 2023 – 24 March 2025 (Note (2))	18.46	33,065	-	-	-	33,065	-	25.00
	23 March 2025	23 May 2026 – 23 May 2028 (Note (3))	38.05	-	35,558	-	-	-	35,558	N/A
<b>Five highest paid individuals in aggregate</b>										
	24 March 2022	24 March 2023 – 24 March 2025 (Note (2))	18.46	173,592	-	-	-	173,592	-	25.00
	23 March 2025	23 May 2026 – 23 May 2028 (Note (3))	38.05	-	198,776	-	-	-	198,776	N/A
<b>Other Grantees in aggregate</b>										
	24 March 2022	24 March 2023 – 24 March 2025 (Note (2))	18.46	2,406,581	-	-	83,375	2,323,206	-	25.00
	23 March 2025	23 May 2026 – 23 May 2028 (Note (3))	38.05	-	3,324,960	-	81,118	-	3,243,842	N/A
<b>Total:</b>				<b>2,613,238</b>	<b>3,559,294</b>	<b>-</b>	<b>164,493</b>	<b>2,529,863</b>	<b>3,478,176</b>	

# Directors' Report

## Notes:

- (1) The maximum number of Shares that may be awarded under the 2016 Share Award Scheme during its term is 1.65% of the issued share capital of the Company from time to time. As at 1 January 2025, the awarded Shares available for grant under the 2016 Share Award Scheme were 11,811,695 Shares. As at 31 December 2025, the remaining Shares which could be further awarded under the 2016 Share Award Scheme were 8,335,776 Shares.
- (2) On 24 March 2022, 10,230,593 awarded Shares were granted to 340 employees at no consideration. The awarded Shares shall be vested in the Grantees subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective Grant Notice to each Grantees (including a period of continued service within the Group after the grant of the award and performance targets which must be attained).

Such performance targets are applicable at an organization level and an individual level. Performance targets at the organization level comprise a mixture of key financial performance indicators in respect of the relevant organization (such as the Group, business units or production lines) to which the relevant grantee is attached. Performance targets at the individual level are linked to a comprehensive appraisal of each individual grantee's performance and contribution to the Group. As disclosed in the Company's announcement dated 23 March 2016, the Board may at its absolute discretion decide performance target(s) which must be attained from time to time. After due consideration and assessment, the Board has decided to adopt the aforementioned performance targets based on and in accordance with the 2016 Scheme Rules.

In order to provide enhanced incentive to the employees of the Group and to boost staff morale, the general vesting conditions as set out in the 2016 Scheme Rules, being the two performances as recorded in the audited consolidated statement of profit or loss and other comprehensive income of the Company in any financial year after the date of the grant of the relevant award: (i) the amount of the annual revenue shall have reached not less than RMB30,000,000,000, and (ii) the margin of recurring profit before taxation (reported profit after tax adjusted for non-recurring and exceptional items) shall not be less than the average of the same of the previous three years, namely 2013, 2014 and 2015), had been waived by the Board based on and in accordance with the 2016 Scheme Rules.

- (3) On 23 May 2025, 3,559,294 awarded Shares were granted to 536 employees at no consideration. The awarded Shares shall be vested in the Grantees subject to the terms of the 2016 Share Award Scheme and the vesting conditions as set out in the respective Grant Notice to each Grantees (including a period of continued service within the Group after the grant of the award and performance targets which must be attained).

The performance targets will include the organization level performance and individual level performance:

### Organization level performance:

The management of the Company will evaluate the performance of the applicable organizations for the relevant year, including, in particular, key performance indicators such as revenue, profit and target amount of the relevant business units, as well as projects undertaken by the functional departments, with which the relevant Grantees are involved.

### Individual level performance:

The Group has implemented a performance appraisal system for its employees to evaluate their performance and contributions to the Group's objectives. The management of the Company will evaluate whether the Grantees meet the individual performance targets based on their performance appraisal results for the relevant year.

# Directors' Report

The general vesting conditions as set out in the 2016 Share Award Scheme, being the two performances as recorded in the audited consolidated statement of profit or loss and other comprehensive income of the Company in any financial year after the date of the grant of the relevant Award: (i) the amount of the annual revenue shall have reached not less than RMB30,000,000,000, and (ii) the margin of recurring profit before taxation (reported profit after tax adjusted for non-recurring and exceptional items) shall not be less than the average of the same of the previous three years, namely 2013, 2014 and 2015), have been waived by the Board accordingly.

- (4) According to the International Financial Reporting Standards, the fair value of the Shares granted on each of 24 March 2022 and 23 May 2025 pursuant to the 2016 Share Award Scheme were determined with reference to market value (closing price) of the Shares at the respective date of grant. For details of the fair value of the awarded Shares at the respective date of grant, the accounting standard and policy adopted, and the fair value assumption, please refer to Note 3.2 and Note 36 to the consolidated financial statements.
- (5) The 2016 Share Award Scheme shall be valid for a term of 10 years, and would expire on 22 March 2026 (the "Expiry Date"). Upon the Expiry Date, the 2016 Share Award Scheme would be terminated and no further grant of awarded Shares would be made under it.

On 20 March 2026, the Board resolved that, out of the total 12,378,531 unvested Shares held by the 2016 Scheme Trustee under the 2016 Share Award Scheme:

- (i) the 3,559,294 unvested Shares awarded and held by the 2016 Scheme Trustee under the 2016 Share Award Scheme as at the Expiry Date shall continue to be retained by the 2016 Scheme Trustee, subject to vesting in favour of the Selected Employee(s) in accordance with the terms and conditions of the 2016 Share Award Scheme; and
- (ii) the remaining 8,819,237 unvested Shares held by the 2016 Scheme Trustee under the 2016 Share Award Scheme as at the Expiry Date shall be transferred, in one or more tranches, to the trustee of the 2023 Share Award Scheme or to any other trust(s) constituted for the purpose of implementing share scheme(s) adopted and/or to be adopted by the Company from time to time, upon written instructions from the Board to the 2016 Scheme Trustee.

## 2023 Share Award Scheme

As announced by the Company on 17 April 2023, the Board resolved to adopt a share award scheme (the "2023 Share Award Scheme") in which the Employees (other than the Excluded Employees) may be selected by the Board to participate. The 2023 Share Award Scheme was amended with effect from 22 May 2025 to, amongst others, (i) allow grants of the Awards to be satisfied by the issuance and allotment of new Shares and/or the transfer of treasury Shares; and (ii) correspondingly, bring it in line with the applicable requirements under Chapter 17 of the Hong Kong Listing Rules.

The purposes of the 2023 Share Award Scheme are: (i) to achieve the long-term business objectives of the Group; (ii) to implement the Group's long-term business strategy; (iii) to enhance the value of the Group; (iv) to advance the growth and achieve sustainable development of the Group; and (v) to enable the Employees to share the success in the growth of the Group. Subject to any early termination as may be determined by the Board pursuant to the scheme rules of the 2023 Share Award Scheme (the "2023 Scheme Rules"), the 2023 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 17 April 2023 and will expire on 16 April 2033.

# Directors' Report

In this section, Employee(s) refers to any employee (including without limitation any executive director but excluding any non-executive director or independent non-executive director) of any member of the Group; Excluded Employee(s) refers to any Employee who is resident in a place where the award of the awarded Shares and/or the vesting and transfer of the awarded Shares pursuant to the terms of the 2023 Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or BOCI Trustee (Hong Kong) Limited, an independent trustee appointed by the Company for managing the 2023 Share Award Scheme (the "2023 Scheme Trustee") (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee; Selected Employee(s) refers to Employee(s) selected by the Board pursuant to the 2023 Scheme Rules for participation in the 2023 Share Award Scheme.

Subject to the provisions of the 2023 Scheme Rules, the Board may, from time to time, exercise its absolute discretion in selecting any Employee (other than any Excluded Employee) for participation in the 2023 Share Award Scheme as a Selected Employee, and grant such number of awarded Shares to any Selected Employee. No consideration shall be payable by a Selected Employee for acceptance of the award granted under the 2023 Share Award Scheme.

The maximum number of Shares that may be awarded under the 2023 Share Award Scheme during its term is limited to 45,000,000 Shares, representing approximately 3.86% of the Shares in issue (excluding any treasury Shares) as at 19 March 2026. The maximum number of awarded Shares that may be granted to any one Selected Employee under the 2023 Share Award Scheme during its term shall not exceed 0.5% (i.e. 5,834,852 Shares as at 19 March 2026) of the issued share capital of the Company (excluding any treasury Shares) from time to time. Pursuant to the 2023 Share Award Scheme, Shares will be subscribed for at a subscription price as determined by the Board (including treasury Share transferred), purchased on the Hong Kong Stock Exchange, by the 2023 Scheme Trustee at the cost of the Company, and/or transferred by another trustee of another award scheme of the Company to the 2023 Scheme Trustee. Such Shares will be held by the 2023 Scheme Trustee on trust for Selected Employee(s) under the 2023 Share Award Scheme before vesting.

Since the date of adoption of the 2023 Share Award Scheme and up to 31 December 2025, no new Shares have been issued to the 2023 Scheme Trustee pursuant to the 2023 Scheme Rules and trust deed of the 2023 Share Award Scheme. During the year ended 31 December 2025, no Shares were purchased by the 2023 Scheme Trustee on the Hong Kong Stock Exchange for the purpose of the 2023 Share Award Scheme. As at 31 December 2025, the 2023 Scheme Trustee held a total of 11,819,000 Shares under the 2023 Share Award Scheme.

Since the date of adoption of the 2023 Share Award Scheme and up to 31 December 2025, no Shares had been granted to Selected Employee(s) under the 2023 Share Award Scheme.

## Subsidiary Share Incentive Scheme

In addition to the above Share Award Schemes, AAC Optics, a subsidiary of the Company, operates a subsidiary share incentive scheme (the "Subsidiary Share Incentive Scheme"). The purpose of the Subsidiary Share Incentive Scheme is to provide the selected employees of the AAC Optics Group and relevant personnel with a market-oriented incentive scheme and attract top talents. AAC Optics intends to incentivise and reward them for their commitment and dedication to its business expansion. AAC Optics is not a principal subsidiary of the Company under Rule 17.14 of the Hong Kong Listing Rules. Accordingly, the disclosure requirements set out in Rule 17.13 of the Hong Kong Listing Rules do not apply to the Subsidiary Share Incentive Scheme.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreements were entered into during the year or subsisted at the end of this year.

## DONATIONS

For the year ended 31 December 2025, the Group donated approximately RMB2,859,000 to support the post-fire recovery of Wang Fuk Court in Hong Kong and provide welfare to various communities in China.

# Directors' Report

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company believes that in addition to the sustained increase of earnings per Share and the intrinsic value per Share, the repurchase of the Company's Shares at the appropriate timing could also be an important metric to enhance long-term value of our Shareholders.

At the annual general meeting (the "2024 AGM") on 23 May 2024, the Company's Shareholders granted a general mandate to the Directors of the Company to repurchase Shares of the Company (the "2024 Repurchase Mandate"). Pursuant to the 2024 Repurchase Mandate, the Company was allowed to repurchase up to 10% of the total number of issued Shares of the Company as at the date of the 2024 AGM. At the annual general meeting (the "2025 AGM") on 22 May 2025, the Company's Shareholders granted a general mandate to the Directors of the Company to repurchase Shares of the Company (the "2025 Repurchase Mandate"). Pursuant to the 2025 Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares of the Company (excluding treasury Shares) as at the date of the 2025 AGM.

On 16 December 2024, the Company entered into an agreement (the "Broker Agreement") with an independent broker (the "Broker") under which the Broker was appointed to operate the Automatic Share Buy-back Program (as defined below). Pursuant to the Broker Agreement, the Company agreed parameters for the Broker to buy back up to HK\$778 million (being the HKD equivalent of US\$100 million) of the Shares on the Hong Kong Stock Exchange. The Broker would execute all buy-backs of the Shares in accordance with the parameters as set out under the Broker Agreement and act independently from and not influenced by the Company and its connected persons (as defined under the Hong Kong Listing Rules) (the "Automatic Share Buy-back Program"). The Automatic Share Buy-back Program was completed on 9 April 2025, in which a total of 19,676,000 Shares, representing 1.6417% of the total issued Shares, were purchased on market.

On 9 April 2025, the Board authorised a new round of repurchases of Shares in the open market during the next 12 to 18 months, to a maximum aggregate amount up to HK\$1.2 billion (the "Proposed Share Repurchase"). Together with the amount implemented under the completed Automatic Share Buy-back Program, and the maximum amount under the Proposed Share Repurchase, the aggregate amount of these repurchases shall not exceed HK\$2.0 billion.

The Proposed Share Repurchase shall be conducted on the basis of appropriate general share repurchase mandate(s) as granted by the Shareholders from time to time in the annual general meeting(s) of the Company, by direct repurchases made by the Company, or by independent broker(s) through automatic share repurchase program(s), which are subject to obtaining the requisite waiver from the Hong Kong Stock Exchange under the Hong Kong Listing Rules. For more details, please refer to the announcement of the Company dated 9 April 2025.

During the year ended 31 December 2025, the Company repurchased a total of 28,119,000 Shares on the Hong Kong Stock Exchange, representing approximately 2.35% of the total issued Shares (i.e. 1,198,500,000 Shares) as at 31 December 2025, with the aggregate consideration paid (before expenses) amounting to approximately HK\$1,088.74 million which was paid out from the Company's retained profits. All Shares repurchased during the year ended 31 December 2025 were held as treasury Shares which are intended to be used for satisfying any future grants of awarded Shares of the Share Award Schemes as at the date of this annual report. During the year ended 31 December 2025, no treasury Shares have been resold by the Company and accordingly, there were 30,249,500 Shares held by the Company in treasury as at 31 December 2025.

The share repurchase reflects the Company's solid financial position and the Board's strong confidence in the Company's future business prospects. The Directors of the Company believe that the share repurchase is in the interest of Shareholders as a whole.

# Directors' Report

Details of the Shares repurchased during the year ended 31 December 2025 are as follows:

Month	Total number of the Shares repurchased	Purchase price paid per Share		Aggregate Consideration <sup>(1)</sup> (HK\$'000)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	4,033,500	40.05	34.55	148,066
February 2025	2,776,000	50.05	39.65	128,612
March 2025	3,862,000	54.35	43.65	186,437
April 2025	10,024,000	48.00	28.50	365,506
May 2025	786,500	39.90	35.80	29,706
October 2025	600,000	39.98	38.48	23,561
November 2025	3,736,500	40.20	36.50	142,730
December 2025	2,300,500	39.78	37.22	88,277

Notes:

- (1) Including brokerage, transaction levy, stamp duty and transaction cost of HK\$24,152,000.
- (2) Subsequently after the year ended 31 December 2025 and up to the date of this annual report, the Company further repurchased an addition of 1,280,000 Shares pursuant to the Repurchase Mandate. All such repurchased Shares have been held as treasury Shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares) during the year ended 31 December 2025.

## HUMAN RESOURCES

As at 31 December 2025, the Group employed 41,674 permanent employees, including PSS, a 12% increase from 37,273 employees as at 31 December 2024. In 2025, the Group welcomed the expanded factory operations in China, Malaysia, Vietnam and Czech Republic due to the increased market demand and production throughput, which outpaced the Group's human capital efficiency improvement achieved by advanced production methodologies and automation. The Group's R&D and sales team was also expanded for its ever-diversifying product range and increased sales volume. Sizeable and continuous investment in R&D activities provided a solid foundation in pioneering leading edge technologies in the industry.

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management from time to time reviews the Group's remuneration policy based on benchmarking results, and fairly rewards its employees based on individual performance. In addition to basic salaries, allowances, social insurance and mandatory pension fund contributions, certain employees and employee groups are also eligible for the Group's bonus plan and share schemes. And, the Remuneration Committee reviewed and approved senior management's remuneration proposals with reference to the Board's corporate goals and objectives. In 2025, more employees had been selected to participate in the Group's share schemes as part of the Group's reward programme.

As required by the relevant regulations, the Group has been participating in the social insurance schemes operated by the relevant local government authorities in the PRC, and in the mandatory pension fund as well as social insurance schemes for its employees in Belgium, the Czech Republic, Denmark, Finland, Germany, Hong Kong, Hungary, India, Japan, Malaysia, Mexico, Singapore, South Korea, Taiwan, the United Kingdom, the United States and Vietnam.

# Directors' Report

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 72.5% of the Group's total revenue from sales while the revenue from sales attributable to the Group's largest customer was approximately 32.3% of the Group's total revenue from sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers were 22.0% of the Group's total purchases while the purchases attributable to the Group's largest supplier was approximately 6.6% of the Group's total purchases.

As at 31 December 2025, Ms. Ingrid Wu, a NED of the Company, holding more than 5% of the Company's share capital, had beneficial interests in one of the Group's five largest customers. The customer has the usual trading terms as any other customers of the Group. At no time during the year and up to the date of this annual report, had Ms. Ingrid Wu's interests in the customer exceeded 1%. To the knowledge of the Directors of the Company, Ms. Ingrid Wu has never been a director, nor involved in management, of these customers or suppliers.

Save as disclosed above, none of the Directors of the Company, their close associates or any Shareholder which to the knowledge of the Directors, owns more than 5% of the Company's share capital had an interest in any of the five largest customers or suppliers.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors of the Company or their respective close associates (as defined in the Hong Kong Listing Rules) were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses of which the Directors of the Company were appointed as Directors of the Company to represent the interests of the Company and/or the Group.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and as far as the Directors of the Company are aware, the Company has maintained a public float of more than 25% of the Company's issued Shares (excluding Treasury Shares) (the "Initial Prescribed Threshold") throughout the financial year ended 31 December 2025 in compliance with Rule 13.32B of the Hong Kong Listing Rules and has continued to maintain the Initial Prescribed Threshold as at the date of this annual report. The actual public float percentage as at 31 December 2025 is approximately 62.36%.

# Directors' Report

## Share ownership composition

Based on the publicly available information and as far as the Directors of the Company are aware, as at 31 December 2025, share ownership composition of the Company is set out below:

### (a) Shareholders who are not members of "the public"<sup>(6)</sup>:

Name	Capacity	Total number of Shares held as at 31 December 2025	Percentage of the total issued Shares as at 31 December 2025 <sup>(1)</sup>	Total number of Shares (excluding Treasury Shares, if any), held as at 31 December 2025	Percentage of the total issued Shares (excluding Treasury Shares) as at 31 December 2025 <sup>(2)</sup>
Mr. Benjamin Pan <sup>(3)</sup>	Substantial Shareholder, Director and CEO	469,610,151	39.18%	439,360,651	37.60%
Ms. Ingrid Wu <sup>(3)</sup>	Substantial Shareholder and Director	469,610,151	39.18%	439,360,651	37.60%
Mr. Richard Mok <sup>(3)</sup>	Director and MD	314,753	0.02%	314,753	0.02%

### (b) Shareholders who are members of "the public"<sup>(6)</sup>:

Name	Capacity	Total number of Shares held as at 31 December 2025	Percentage of the total issued Shares as at 31 December 2025 <sup>(1)</sup>	Total number of Shares (excluding Treasury Shares, if any), held as at 31 December 2025	Percentage of the total issued Shares (excluding Treasury Shares) as at 31 December 2025 <sup>(2)</sup>
JPMorgan Chase & Co. <sup>(4)</sup>	Substantial shareholder who have disclosed its interests pursuant to Part XV of the SFO	55,275,191	4.61%	55,275,191	4.73%
Any other members of "the public" <sup>(6)</sup>	All the other "public" shareholders	673,299,905	56.17%	673,299,905	57.63%

# Directors' Report

## Share capital structure

As at 31 December 2025, the share capital structure of the Company is as follows:

	Number	Percentage of the Company's Issued Shares as at 31 December 2025
Number of Issued Ordinary Shares (excluding Treasury Shares)	1,168,250,500	97.48%
Number of Treasury Shares <sup>(5)</sup>	30,249,500	2.52%
Total number of Issued Ordinary Shares	1,198,500,000	100%

Notes:

- (1) Percentage was computed based on the 1,198,500,000 issued Shares (including Treasury Shares) as at 31 December 2025.
- (2) Percentage was computed based on the 1,168,250,500 issued Shares (excluding Treasury Shares) as at 31 December 2025.
- (3) Details of the interests of Mr. Benjamin Pan, Ms. Ingrid Wu and Mr. Richard Mok in the shares are respectively set out in the "DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES AND UNDERLYING SHARES AND DEBENTURES" section of the Directors' Report on pages 39 to 41 of this annual report.
- (4) Details of the interests of JPMorgan Chase & Co. in the shares are set out in the "SUBSTANTIAL SHAREHOLDERS" section of the Directors' Report on pages 48 to 49 of this annual report.
- (5) Treasury Shares are the ordinary Shares of the Company that have been repurchased and are held by the Company. Treasury Shares do not carry voting rights and are not entitled to dividends or other distributions.
- (6) "the public" has the meaning ascribed to it under the Hong Kong Listing Rules.

## AUDITOR

The consolidated financial statements for the year have been audited by Deloitte. A resolution will be submitted to the AGM of the Company to re-appoint Deloitte as auditor of the Company.

On behalf of the Board  
AAC Technologies Holdings Inc.

**Zhang Hongjiang**  
Chairman

19 March 2026

# Corporate Governance Report

## CORPORATE GOVERNANCE POLICY AND PRACTICES

The Board and the Company consider effective corporate governance not only a safeguard of the interests and confidence of our stakeholders, but also a key component in the Group's sustainable long-term development and value creation. Our Board, which is at the centre of our corporate governance structure, has regularly reviewed and refined principles, policies and practices on the conduct with an aim to support the growth of the Group's operations. Our sound corporate governance structure includes a quality Board, high standards of corporate responsibility and sustainability awareness, a high degree of transparency, accountability and independence, and, an effective design, implementation and enforcement of risk management as well as internal control systems. Based on regular reviews of the Company's actual performance against the CG Code in Appendix C1 to the Hong Kong Listing Rules, the Board is satisfied that throughout the financial year ended 31 December 2025, the Company has complied with all the Code Provision(s).

The Board recognizes the need to continuously adapt and improve our corporate governance policies and practices in light of our experience, increasingly stringent regulatory requirements, international developments and stakeholders' expectations. It is committed to high standards of disclosure as well as to excellence in corporate governance. The Company's Corporate Governance framework comprises the following key components:

- I. Board, Executive Management and Corporate Culture
- II. Governance Structure and Board Committees
- III. Corporate Governance Code
- IV. Legal and Regulatory Compliance
- V. Joint Company Secretaries
- VI. Internal Audit, Risk Management and Internal Control
- VII. External Statutory Audit
- VIII. Sustainability Governance
- IX. Shareholders Engagement and Value
- X. Shareholders' Rights

Details of the key components related to Corporate Governance framework are also available on the website of the Company.

## BOARD, EXECUTIVE MANAGEMENT AND CORPORATE CULTURE

The overall stewardship of the Company's operations is vested in the Board. Our Chairman, an INED of the Company, is to lead the Board to take central responsibilities to formulate, approve, evaluate and regulate the overall purpose, values, strategic directions and policies of the Company and ensure they are aligned with the Company's culture. In doing so, the Board will oversee and review the Company's business including operating performance, effectiveness of risk management and internal control systems, corporate governance policies, compliance, organization structure and management's performance.

The Board ensures that corporate culture is developed and reflected consistently in the operational management of the Group, workplace policies and practices as well as relations with stakeholders, through active collaboration, effective engagement and regular trainings at all levels. The core values in the Group's corporate culture include customer experience, winning the talent, innovation focused, agile collaboration and professionalism, and they are encompassed in a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible Whistleblowing Policy and Anti-Fraud and Anti-Bribery Policy, legal and regulatory compliance (including compliance with the Code of Conduct and other Group policies), as well as staff safety, well being and support. Our mission and development strategies in achieving our mission are set out in the inside cover and the sections headed "Core Development Strategies" and "CEO Statement" on pages 3 to 5 and 12 to 13 of this annual report. Details of our sustainability strategy, governance and implementation are set out on pages 90 to 91 and pages 97 to 102 of this annual report.

The positions of the Chairman and the CEO are separate. Our CEO has the overall responsibility for carrying out the strategy and direction set by the Board and, assisted by the EVP, for managing the Group's business. During the year, management runs the day-to-day operation following the related financial limits for a schedule of matters designated to management approved by the Board. Management is to submit business plans or investment proposals to the Board if they fall outside the designated limits. The Board also reviews and approves the annual operating and capital budgets, and when appropriate, incremental items/amounts outside the approved budgets will be raised to the Board for approval. Under the supervision of the CEO and the EVP, management is responsible for the daily operations of the Group. Key updates on business operations, financial results and strategic matters are provided to the Board on a timely basis.

# Corporate Governance Report

## GOVERNANCE STRUCTURE & BOARD COMMITTEES

Composition of Board and Board Committees as at 19 March 2026 (the date of this annual report)

Board of Directors			
	Zhang Hongjiang	(INED & Chairman of the Board)	
	Kwok Lam Kwong Larry	(INED)	
	Peng Zhiyuan	(INED)	
	Cheng Kwang Ting	(INED)	
	Cheng James Su-Ting	(INED)	
	Wu Ingrid Chun Yuan	(NED)	
	Pan Benjamin Zhengmin	(ED & CEO)	
	Mok Joe Kuen Richard	(ED & MD)	
Audit and Risk Committee* (all INEDs)	Nomination Committee* (all NEDs)	Remuneration Committee* (all INEDs)	Sustainability Committee*
Established in April 2005	Established in April 2005	Established in April 2005	Established in May 2024
Members	Members	Members	Members
Kwok Lam Kwong Larry (Chairman) Peng Zhiyuan Zhang Hongjiang	Zhang Hongjiang (Chairman) Peng Zhiyuan Wu Ingrid Chun Yuan	Peng Zhiyuan (Chairman) Kwok Lam Kwong Larry Zhang Hongjiang	Mok Joe Kuen Richard (Chairman) Kwok Lam Kwong Larry Pan Kaitai Kelvin (EVP) Peng Zhiyuan Wu Ingrid Chun Yuan

\* There is no fixed term of office of the Board Committee members. The Board will review the same periodically.

# Corporate Governance Report

## The Board's Roles and Responsibilities

Our Board plays more than a key role in our Corporate Governance Framework. Under the leadership of our Chairman, the Board actively promotes the success of the Group by directing and supervising its affairs in a responsible and effective manner.

Some of the key responsibilities of the Board include:

### Strategy & Management



- The Board will formulate, update and refine the Group's strategy and business objectives.
- Every quarter, major investing and financing activities will be approved and management will be evaluated on the implementation progress to monitor the Group's businesses against plan and budget.
- Overseeing the Group's relationships with stakeholders.

### Corporate Governance & Risk Management



- The Board will approve amendments to corporate governance policies and review implementations related to Group's corporate governance, internal controls and risk management.

### Financial Results



- The Board will approve the Group's annual budgets, interim and annual financial statements and results announcements, recommend re-appointment of external auditor and declare interim and final dividends (if any).

### Effectiveness of Board and Board Committees



- The performances of the Board and the Board Committees are evaluated annually.
- All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

### Sustainability Governance

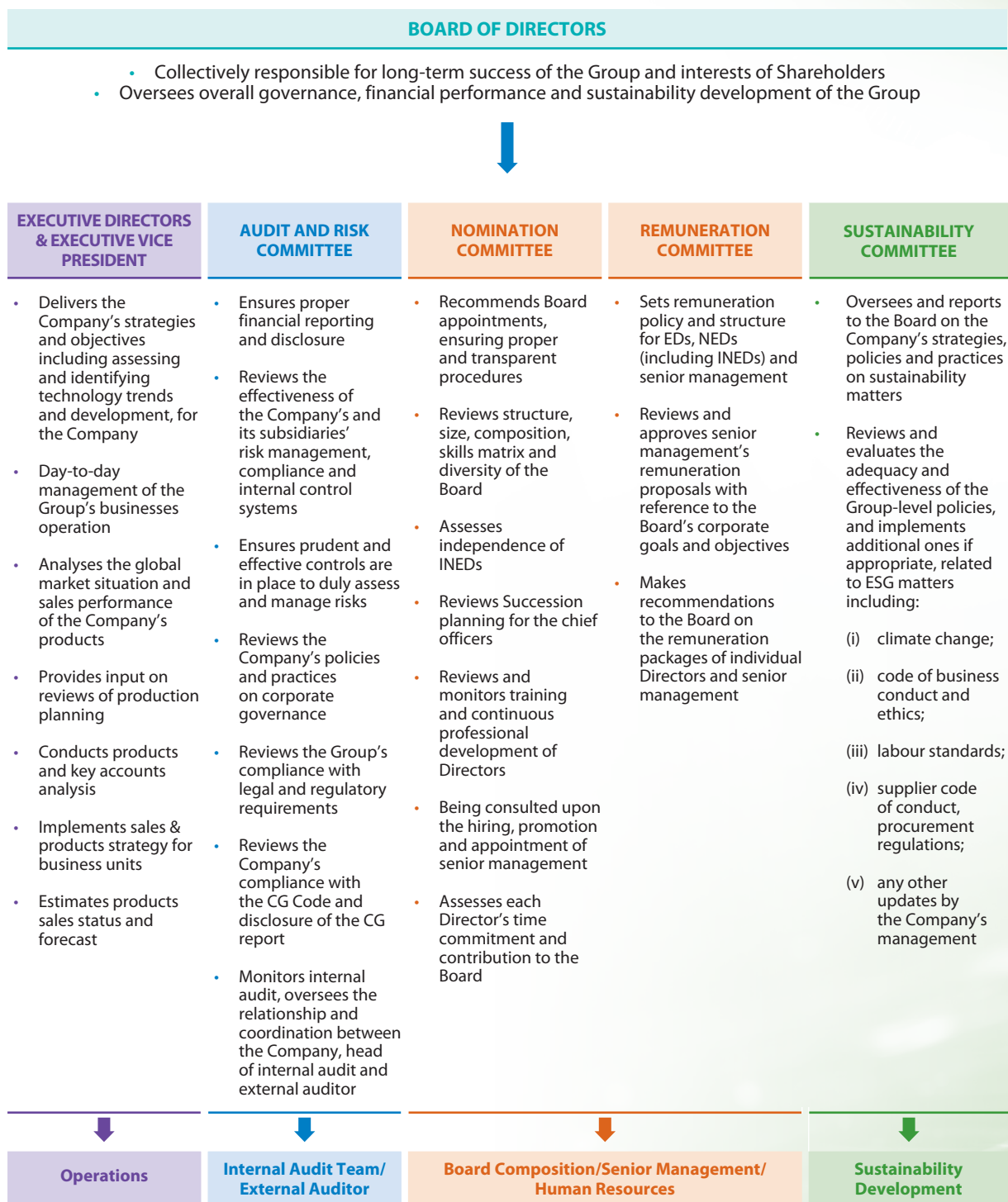


- The Board will oversee the Group's sustainability- and climate-related risks and opportunities for refining its strategies, policies and practices on ESG aspects.
- The performances of the Sustainability Committee and Sustainability Working Group are evaluated annually.
- The Board will consider and approve the Group's annual sustainability report.

# Corporate Governance Report

## Board Committees & Executive Management Structure

In discharging its governance and other responsibilities, the Board has established individual Board Committees with defined terms of reference to assist the full Board. The four Board Committees are illustrated in the following governance structure:



Details of the responsibilities of the Board Committees are set out below. Their terms of reference, including their duties, have been published on the websites of the Hong Kong Stock Exchange and the Company.

# Corporate Governance Report

## Delegation by the Board

In addition to the individual Board Committees, established to assist the full Board in specific areas, the responsibilities for delivering the Company's strategies and objectives, and day-to-day management of the Group's businesses are delegated to the EDs, the EVP, and the team of senior management.

## Board Process

Board meetings are held regularly and at least four times a year at approximately quarterly intervals with active participation of the Directors, either in person or through electronic communication. Apart from the regular scheduled Board meetings, other Board meetings will be held on occasions when appropriate, such as disclosure of inside information, publishing announcements and reviewing significant investment opportunities.

## Board and Committees Evaluation

### Separate INED meeting

The Chairman of the Board held meetings with INEDs without the presence of other Directors and management during 2025 to evaluate the performance of the EDs and the effectiveness of the Board on 20 March 2025.

### Evaluation

In addition, we undertake a performance evaluation of our Board and Committees internally on a yearly basis. In March 2026, the Board, Audit and Risk Committee, Nomination Committee, Remuneration Committee and Sustainability Committee underwent an annual evaluation of their effectiveness and performance with regard to the year 2025, through completion of questionnaires.

### Questionnaire — Key Evaluation Areas

- Structure and Composition of the Board and Committees, such as size, selection process
- Responsiveness to special incidents, diversity of Board members
- Board culture and collegiality
- Board information quality: accuracy, relevance, digestibility, timeliness and access to management
- Board process and adequacy of meetings
- Relationship with management (performance measures, visibility, mutual trust)

The evaluation results were reported to the Board. The results indicated that the Board and all committees were operating effectively, nothing significant had affected the Board's or the Board Committees' performance and no material issue needed to be tabled for discussion. Reporting of matters by all the Board Committees to the Board were found to be clear and adequate. The Directors are satisfied that the Board and its Committees have the right mix of expertise, experience and skills.

## Independence of Directors

Ms. Ingrid Wu, an NED, is not considered as independent, as she is the spouse of the CEO, Mr. Benjamin Pan, together with the CEO and their family trusts, has a substantial interest (holding approximately 39.18% interest in the issued Shares of the Company as at 31 December 2025). Her knowledge and investment experience in the industry in which the Company operates continue to contribute valuably to the functioning of the Board as a whole. In common with all Directors, she is aware of her responsibilities as a Director to all Shareholders.

In the event that the interests of the Shareholders and the Company are not aligned, the Board prioritizes the Company's interests over that of any Shareholder. When a Shareholder is materially interested in a matter, the relevant Directors will, according to the Articles, abstain from voting on such resolutions.

# Corporate Governance Report

The Board is committed to maintaining an independent Board comprising five INEDs, two EDs, and one NED. We separate the roles of the CEO and the Chairman of the Board since the first date of listing. Currently, the CEO is Mr. Benjamin Pan and the Chairman of the Board is Mr. Zhang. We believe that this Board structure demonstrates our commitment to good corporate governance and benefits our Shareholders by enhancing the oversight of management by the Board, and encouraging balanced decision making.

An updated list of Directors identifying their roles and functions and whether they are INEDs has been published on 27 January 2026 on the websites of the Hong Kong Stock Exchange and the Company, and under the section headed "Biographies of Directors, Senior Management and Company Secretaries" of this annual report on pages 25 to 35. Terms of appointment for all NEDs (including INEDs) were set out in the Directors' Report on pages 37 to 38.

The independence of INEDs, and its implementation and effectiveness, are reviewed by the Nomination Committee on an annual basis to ensure independent views and inputs are available in the Board. The Company has received, from each of the INEDs, an annual written confirmation of his independence as regards each of the factors referred to in Rule 3.13 of the Hong Kong Listing Rules. The two INEDs appointed after the year ended 31 December 2025 have also provided confirmations of their independence as regards each of the factors referred to in Rule 3.13 of the Hong Kong Listing Rules at the time of their respective appointments. Based on the assessment conducted by the Nomination Committee, it is considered that all the INEDs are independent.

### Mechanisms for ensuring independent views and input

The Nomination Committee reviewed and considered that the following key features or mechanisms are effective in ensuring that independent views and input are provided to the Board.

<p><b>Board and Committees' Structure</b></p>	<ul style="list-style-type: none"> <li>• The Board comprising a majority of INEDs. The Chairman of the Board is an INED, who are independent of and not related to each other and any senior management of the Company.</li> <li>• Members of Board committees comprising a majority of NEDs (including INEDs).</li> <li>• Separation of the role of the Chairman and the CEO ensures that there is a balance of power and authority.</li> </ul>
<p><b>INEDs' Remuneration</b></p>	<ul style="list-style-type: none"> <li>• INEDs receive fixed fees for their role as members of the Board and Board Committees as appropriate, and are not entitled to participate in the Share Award Schemes.</li> </ul>
<p><b>Appointment of INEDs</b></p>	<ul style="list-style-type: none"> <li>• In assessing suitability of the candidates, the Nomination Committee reviews their profiles, including their qualification and time commitment, having regard to the Board's composition, the Board skills matrix, the list of selection criteria approved by the Board, the Nomination Policy and the Diversity Policy.</li> </ul>
<p><b>Annual Review of INED's Commitment and Independence</b></p>	<ul style="list-style-type: none"> <li>• The Nomination Committee reviews annually each Director's time commitment to the Company. Further details are set out in the "Directors' Time Commitments and Contribution" section in the Corporate Governance Report.</li> <li>• The Nomination Committee reviews the independence of all INEDs every year and when appointing new INEDs with reference to the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules.</li> </ul>

# Corporate Governance Report

<b>Conflict Management</b>	<ul style="list-style-type: none"><li>Where INEDs or other Directors have a material conflict of interest in a matter being discussed in the Board meetings, they will abstain from voting on the matter. INEDs with no conflict of interest should be present at the Board meetings and take the lead where potential conflicts of interest arise.</li></ul>
<b>Professional Advice</b>	<ul style="list-style-type: none"><li>INEDs and all other Directors may, if necessary, seek external legal or other independent professional advice at the expense of the Company, in order to facilitate proper discharge of their duties.</li></ul>
<b>Board and Committees Evaluation</b>	<ul style="list-style-type: none"><li>The Company undertake a performance evaluation of the Board and Committees internally on a yearly basis.</li><li>The Chairman of the Board meets with INEDs at least once a year without the presence of other Directors.</li></ul>

## Disclosure of Conflict of Interest

Directors are requested to declare their personal or business interests, if any, in any transactions to be considered by the Board and such declaration of interest would be reviewed and discussed prior to the Board meetings and, as appropriate, Directors with conflict of interest will or will be asked to abstain from voting in the meetings.

Identified related party transactions are disclosed in Directors' Report from pages 42 to 48. Also, as disclosed on page 57, as at 31 December 2025, Ms. Ingrid Wu, a NED holding more than 5% of the Company's share capital, had beneficial interests in one of the Group's five largest customers. The customer has the usual trading terms as any other customers of the Group. At no time during the year and up to the date of this annual report, had Ms. Ingrid Wu's interests in the customer exceeded 1%. Ms. Ingrid Wu has never been director of the customer nor involved in its management.

Save as disclosed above, none of the Directors, or their close associates had an interest in any of the five largest customers or suppliers of the Group.

## Board Agenda Schedule

Sufficient notice of not less than 14 calendar days, is given for regular Board meetings to all Directors enabling them to attend, and reasonable notice will be given in case of other Board meetings. The Directors receive details of agenda items well in advance of each Board meeting to ensure effective participation. Board minutes are kept by the Joint Company Secretaries and are sent to the Directors for review before sign-off and for their records. The minutes are also made available for inspection by all the Directors and the external auditor.

# Corporate Governance Report

## January – March 2025

- review of the 2016 Share Award Scheme and the 2023 Share Award Scheme
- reporting from Audit and Risk Committee and other Committees
- 2024 annual results and report
- 2024 final dividend
- evaluation of Board performance for the year 2024
- audit matters for the year 2024
- re-appointment of external auditor for the year 2025
- connected transactions/continuing connected transactions
- directors' and officers' liability insurance
- sustainability report for the year 2024
- risk management & internal controls
- corporate governance compliance
- AGM matters of 2025
- retirement and re-election of Directors
- business operation and legal updates

## April – June 2025

- risk management & internal controls
- connected transactions/continuing connected transactions
- business operation and legal updates
- grant of awarded shares pursuant to the 2016 Share Award Scheme
- amendments to the 2016 Share Award Scheme and 2023 Share Award Scheme
- authorisation of a new round of Shares repurchases

## July – September 2025

- 2025 interim results and report, including sustainability section of the 2025 Interim Report
- audit matters for the first half of 2025
- risk management & internal controls
- connected transactions/continuing connected transactions
- business operation and legal updates

## October – December 2025

- budget for the forthcoming year
- risk management & internal controls
- connected transactions/continuing connected transactions regarding procurement and property leases and renewal of annual caps for the years 2026-2028
- business operation and legal updates
- changes in composition of the Nomination Committee
- amendment on the corporate governance policies

## January – March 2026

- reporting from Audit and Risk Committee and other Committees
- 2025 annual results and report
- 2025 final dividend
- evaluation of Board performance for the year 2025
- audit matters for the year 2025
- re-appointment of external auditor for the year 2026
- connected transactions/continuing connected transactions
- directors' and officers' liability insurance
- sustainability report for the year 2025
- risk management & internal controls
- corporate governance compliance
- AGM matters of 2026
- appointment of Directors, retirement and re-election of Directors
- business operation and legal updates
- expiration of 2016 Share Award Scheme
- Review of the Diversity policy and the Shareholders' Communication Policy

# Corporate Governance Report

## Work done by the Board in 2025 and to date

During the year 2025 and up to the date of this annual report, the Board performed, considered and/or resolved the following matters:



### Policies

- reviewed and approved the amendments to the Company's corporate governance policies
- reviewed the implementation and effectiveness of the Diversity Policy
- reviewed the implementation and effectiveness of the Shareholders' Communication Policy



### Stakeholders

- reviewed, recommended and declared dividend payments
- reviewed investor relations program and strategies
- approved and published our annual sustainability reports for the years of 2024 and 2025



### Business and Financial Operations

- reviewed the strategic plans for the Company's core businesses to meet short-term objectives and to strengthen medium-term competitiveness
- ongoing assessment of the Company's technology capabilities, with a view to enabling the Company to reach another level of commercial success and sustainability
- reviewed new opportunities in our core business portfolio with management
- reviewed and considered the annual budget, disposals and acquisitions proposals and other significant operational and financial matters
- reviewed accounting principles and practices and approved the relevant interim and annual results and financial statements and the related announcements
- reviewed monthly operations and financial updates, and, where appropriate, approved the related announcements (if any)
- submitted resolution at the AGM for re-appointment of external auditor



### Corporate Governance

- performed the duties of corporate governance functions under Code Provision A.2.1, which are included in the Board's terms of reference
- reviewed the segregation of duties between the Chairman & the CEO
- reviewed and evaluated the ERM system for the Group
- reviewed and evaluated internal audit reports and the effectiveness of the risk management and internal control systems over financial, operational and compliance matters



### Board & Committees

- reviewed and approved the recommendations made by the Audit and Risk Committee, Nomination Committee, Remuneration Committee and Sustainability Committee
- considered appointment, retirement and re-election of Directors
- renewed the appropriate insurance coverage for Directors and Officers arranged by the Company

# Corporate Governance Report

## Directors' Attendance in Board Meetings, Committee Meetings & AGM

During the year ended 31 December 2025, the Board convened a total of 7 Board meetings and 1 AGM. Each Director is expected to attend each meeting of the Board and the Board Committees on which he or she serves. Directors are also expected to attend the Company's AGM or otherwise absent with a valid reason. All Directors attended the Company's 2025 AGM in person or by electronic means.

Attendance of the Directors at Board meetings, Committee meetings and AGM during the year are as follows:

Directors	Board	Audit and Risk Committee <sup>(Note 1)</sup>	Nomination Committee	Remuneration Committee	Sustainability Committee	2025 AGM <sup>(Note 1)</sup>
<b>Total Number of Meetings</b>	7	2	1	2	3	1
<b>Executive Directors</b>						
Pan Benjamin Zhengmin (CEO)	7	N/A	N/A	N/A	N/A	1
Mok Joe Kuen Richard (MD)	7	2	1	2	3	1
<b>Non-executive Director</b>						
Wu Ingrid Chun Yuan	5	N/A	– <sup>(Note 2)</sup>	N/A	2	1
<b>Independent Non-executive Directors <sup>(Note 3)</sup></b>						
Zhang Hongjiang (Chairman of the Board)	7	2	1	2	N/A	1
Kwok Lam Kwong Larry	7	2	1 <sup>(Note 2)</sup>	2	3	1
Peng Zhiyuan	7	2	1	2	3	1

Note 1: Representatives of the independent auditor participated in the Company's interim and annual Audit and Risk Committee meetings and AGM.

Note 2: (i) Ms. Ingrid Wu, a NED, was appointed as a member of the Nomination Committee with effect from 1 October 2025; and (ii) Mr. Kwok, an INED, has ceased to be a member of the Nomination Committee with effect from 1 October 2025.

Note 3: (i) Mr. Cheng Kwang Ting was appointed as an INED with effect from 13 January 2026; and (ii) Mr. Cheng James Su-Ting was appointed as an INED with effect from 27 January 2026.

## Directors' Time Commitments and Contribution

All NEDs (including INEDs) are engaged by formal letters of appointment with a term of not more than three years, and they commit to the Company that they will be able to give sufficient time and attention to meeting the high expectations placed upon them.

Directors have disclosed to the Company the number and nature of their offices held in Hong Kong and overseas listed public companies or organizations and other significant commitments and the relevant time commitment annually.

# Corporate Governance Report

The Nomination Committee reviewed and assessed each Director's time commitment and contribution to the Board during 2025 and each Director's ability to discharge his or her responsibilities. The Nomination Committee considered that each Director gave sufficient time and attention to the affairs of the Group and undertook his or her responsibilities effectively during 2025, with regard to the following:

- Directors' skills and experience, details are set out in "Board Skills Matrix" section of the Corporate Governance Report on pages 76 to 77 and "Biographies of Directors, Senior Management and Company Secretaries" section of this annual report on pages 25 to 35;
- Directors' attendance record at the Board and Committee meetings, and the 2025 AGM, details are set out in the "Directors' Attendance in Board Meetings, Committee Meetings & AGM" section of the Corporate Governance Report on page 69. The Board actively participated in the Company's affairs and the Board's discussions and decisions, as reflected in their high attendance record on the Board and Committee meetings and the 2025 AGM during 2025;
- Directors' role and positions at the Company, as well as his or her external directorships or offices in other companies or organisations and/or other major commitments. None of our INEDs, individually, held seven or more listed public companies directorships. One of the Company's INEDs holds directorships in six listed companies (including the Company), which is the highest among INEDs. Our EDs do not hold directorship in other listed companies; and
- Independence of Directors, set out in "Independence of Directors" section of the Corporate Governance Report on pages 64 to 65.

In respect of the Directors who will stand for re-election at the 2026 AGM, their directorships held in listed public companies in the past three years will be set out in the relevant circular. Directors' biographies are on pages 25 to 32 of this annual report and on the Company's website.

## Directors' Continuous Training and Development

In addition to attendance at meetings and review of papers and materials sent by management, including regular legal and regulatory updates, all Directors recognized the importance of continuous professional development to ensure their contributions to the Board remains informed and relevant.

As part of the continuous professional development program, the Directors from time to time receive presentations from senior executives regarding important business matters. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. The Company also provided Directors reading materials, briefings and updates on board and directors' duties, Hong Kong Listing Rules and Hong Kong law compliance, corporate governance and ESG, risk management and internal controls, industry and business updates and other relevant topics.

# Corporate Governance Report

During the year ended 31 December 2025, all Directors have received continuous professional development covering at least the five specified topics as required under Rule 3.09G of the Hong Kong Listing Rules. All Directors had provided to the Company records of training they received during the year. The Board is of the view that all Directors have demonstrated sufficient participation in developing and refreshing required knowledge and skills as part of the continuous professional development programme during the year. The details of the Directors' participation in continuous professional development during the financial year ended 31 December 2025 are set out as follows:

Names of Directors	Training Topics					Total Training Hours
	(A)	(B)	(C)	(D)	(E)	
<b>Independent Non-executive Directors</b>						
Zhang Hongjiang (Chairman of the Board)	0.50 1.15	0.50 3.15	1.00 1.65	1.00 1.65	2.00 2.40	15.00
Kwok Lam Kwong Larry	0.50 5.50 0.90	0.50 9.96 2.90	1.00 8.96 1.40	1.00 8.83 1.40	2.00 2.25 2.40	49.50
Peng Zhiyuan	0.50 8.00 1.80	0.50 8.00 3.80	1.00 8.00 2.30	1.00 8.00 2.30	2.00 8.00 2.80	58.00
<b>Non-executive Director</b>						
Wu Ingrid Chun Yuan	0.50 1.15	0.50 3.15	1.00 1.65	1.00 1.65	2.00 2.40	15.00
<b>Executive Directors</b>						
Pan Benjamin Zhengmin (CEO)	0.50 1.15	0.50 3.15	1.00 1.65	1.00 1.65	2.00 2.40	15.00
Mok Joe Kuen Richard (MD)	0.50 0.83 1.85	0.50 3.15 3.85	1.00 2.32 2.35	1.00 2.48 2.35	2.00 0.67 2.60	27.45

Notes:

- Form of trainings received by the Directors the financial year ended 31 December 2025:
  - : internal training (e.g. receiving presentations and briefings on business and operation from the Company)
  - : external training (e.g. participating in external training, seminars provided by professional institutes, stock exchanges and regulators)
  - : self-study (e.g. reading training materials, articles, publications)
  - : other form of training received (e.g. attending conferences, forums, exhibitions, industry events)
- Five specified topics as required under Rule 3.09G of the Hong Kong Listing Rules:
  - (A): the roles, functions and responsibilities of the Board, Board committees and the Directors, and Board effectiveness;
  - (B): the Company's obligations and directors' duties under Hong Kong law and the Hong Kong Listing Rules, and key legal and regulatory developments (including Hong Kong Listing Rule updates) relevant to the discharge of such obligations and duties;
  - (C): corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Company and its business);
  - (D): risk management and internal controls; and
  - (E): updates on industry-specific developments, business trends and strategies relevant to the Company.

# Corporate Governance Report

Prior to the effective date of his appointment as an INED on 13 January 2026, Mr. Cheng Kwang Ting obtained legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules from a firm of solicitors qualified to advise on Hong Kong law and underwent a comprehensive, formal and tailored induction on 7 January 2026. He has confirmed that he understood his obligations as a Director of the Company. As a First-time Director (as defined under the Hong Kong Listing Rules) who had, within the three years prior to his appointment, served as a director of an issuer listed on a stock exchange other than the Main Board or GEM of the Hong Kong Stock Exchange, he is expected to complete not less than 12 hours of continuous professional development within 18 months from the date of his appointment.

Prior to the effective date of his appointment as an INED on 27 January 2026, Mr. Cheng James Su-Ting obtained legal advice referred to in Rule 3.09D of the Hong Kong Listing Rules from a firm of solicitors qualified to advise on Hong Kong law and underwent a comprehensive, formal and tailored induction on 20 January 2026. He has confirmed that he understood his obligations as a Director of the Company. As a First-time Director (as defined under the Hong Kong Listing Rules), he is expected to complete not less than 24 hours of continuous professional development within 18 months from the date of his appointment.

## Audit and Risk Committee

### Roles and Authority

The Audit and Risk Committee's responsibilities include the oversight of the integrity of the Company's financial statements and assisting the Board in the evaluation of management in the design, implementation and monitoring of the Company's risk management, compliance and internal control systems on an ongoing basis. The Company has a structured risk management and internal control systems for the management of strategic, market, operational, financial and compliance risks. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit and Risk Committee needs to oversee management while ensuring that it does not step into the management's role. The Audit and Risk Committee relies on management's assessment of key risks and mitigating controls at each major operating unit and on internal audit to provide an objective view on how effectively the risk assessments and controls are operating. The external auditor also provides the Audit and Risk Committee with assurance regarding the Company's financial reporting and any material weaknesses in internal control and risk management that they might come across as part of their review considered relevant to the audit. The Audit and Risk Committee oversees the relationship and coordination among the Company, internal auditor and external auditor.

### Regular Review and Connected Transactions

The Audit and Risk Committee is involved in the review of the financial results and the related announcements. It meets at least twice a year and whenever required, and meets the external auditor in the absence of management at least twice a year.

# Corporate Governance Report

By its terms of reference, the Audit and Risk Committee has the power and authority delegated by the Board for reviewing any connected transactions, continuing connected transactions and potential conflicts of interest that may arise, and monitor compliance with the applicable rules and regulations. The Audit and Risk Committee will also ensure strict adherence that Directors with a conflict of interest shall not vote on any related resolutions. The central role in determining, assessing and approving transactions with conflicts is undertaken by the Board and, if required, independent board committee comprising all the INEDs shall be formed.

As such, the Audit and Risk Committee will review and ensure the effectiveness of the internal control systems related to connected transactions regularly. The identification and monitoring of the connected persons are proactively managed by senior management of the supporting services, procurement and finance departments. The implementation and renewal of this system are vouched for by internal audit and external auditor. Major terms of the transactions with connected persons are contracted on a formal basis. The commercially beneficial reasons and the arm's length pricings are ascertained by internal audit and subsequently reviewed by the external auditor. The integrity of the existing accounting system will ensure the accounting accuracy and completeness of such transactions.

## **Review of Financial Results**

On 12 March 2026, the Audit and Risk Committee reviewed this annual report, including the Corporate Governance Report, the Directors' Report and the Group's financial statements for the year ended 31 December 2025 and the annual results announcement with a recommendation to the Board for approval. The Audit and Risk Committee reviewed changes in accounting policies arising from revised financial reporting standards, the internal audit review for 2025 and internal audit plan for 2026.

# Corporate Governance Report

## Work done by the Audit and Risk Committee in 2025 and to date

During the financial year ended 31 December 2025, the Audit and Risk Committee held two meetings. To reinforce the Company's ERM focus, high-risk areas (if any) identified in the external auditor's planning memorandum were discussed and special internal audit procedures were agreed where deemed appropriate.

During the year 2025 and up to the date of this annual report, the Audit and Risk Committee, performed, considered and/or resolved the following matters:



### Financial information

- the 2024 and 2025 annual reports including the Corporate Governance Reports, the Directors' Reports and the Group's financial statements for the years ended 31 December 2024 and 2025 and the annual results announcements, with recommendations to the Board for approval
- the 2025 interim report including the Group's interim financial statements for the six months ended 30 June 2025 and the interim results announcement, with a recommendation to the Board for approval
- compliance by the Company with the Code Provisions throughout the years ended 31 December 2024 and 2025
- the Company's compliance with the Hong Kong Listing Rules, the Companies Act of the Cayman Islands, the CO and the SFO
- overall compliance with recommended best practices of the CG Code and other legal and regulatory compliance matters



### External Auditor

- the reports and management letters submitted by external auditor, which summarized matters arising from the audit on the Group for the years ended 31 December 2024 and 2025, including auditing, accounting and tax matters, and internal controls, together with management's progress in addressing matters raised, and the confirmation from external auditor that there were no high-risk matters identified which were not satisfactorily resolved or being addressed
- the audit fees payable to external auditor for the years ended 31 December 2024 and 2025 and external auditor's scope, plan and fees for the years ended 31 December 2025 and 2026 with a recommendation for approval by the Board
- the effectiveness of the external auditor giving due consideration to the quality and contents of their reports to the Audit and Risk Committee, feedback from management and compliance with relevant regulatory, professional requirements and their independence
- the safeguard of external auditor objectivity and independence in proposed engagement in respect of audit-related and permissible non-audit services; met with the external auditor and discussed the audit report to management
- recommendation of re-appointment of external auditor for Shareholders' approval in 2025 and 2026 AGM



### Risk Management and Internal Controls

- the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function, and that of the Group's Internal Audit
- the regular reports from Internal Audit and alignment with ERM
- the IT and cyber risks referencing COBIT (Control Objectives for Information and Related Technology)
- the effectiveness of the Enterprise Risk Management (ERM) and internal control systems, covering all material controls, including financial, operational and compliance controls of the Company and its subsidiaries
- the internal controls reviewed by Internal Audit with regard to Connected Transactions and Continuing Connected Transactions
- the whistleblowing reports and the related follow-up process to ensure all matters of concern were addressed
- the review of the terms of reference and the Company's corporate governance policies

# Corporate Governance Report

## Nomination Committee

### Diversity

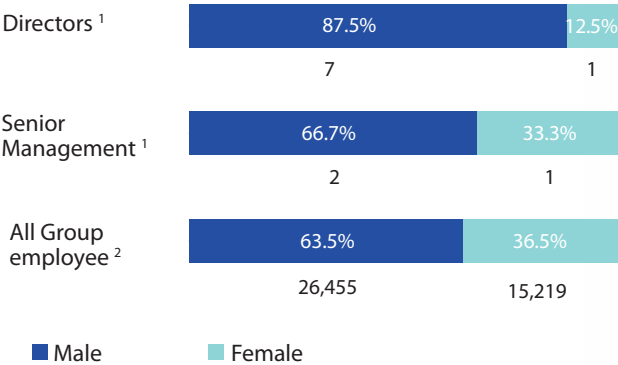
The Diversity Policy sets out the approach to promote the diversity at both the Group and the workforce levels (including senior management) (the “Workforce”) of the Group. It outlines the Company’s approach and commitment to inclusion and diversity in the Board and the Workforce.

The Company recognizes and embraces the benefits of having a diverse Board and Workforce to enhance its performance. A truly diverse Board and Workforce will include and make good use of different knowledge, skills, geographic and industry experiences, background, ethnicity, gender and other qualities of the Directors and Workforce. The differences will be taken into account in determining the optimum composition of the Board and Workforce with complementary members. All Board appointments will be based on meritocracy, while taking into account diversity, including gender diversity. All employment-related decisions should be made based on merit, free from any form of bias or discrimination.

Selection of candidates to the Board and to the Workforce will be based on broadening the range and diversifying perspectives, which would include but not be limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on merit and contribution that selected candidates will bring to the Board, and the extent of their contribution to the strategy and success of the Company.

The Board shall not be a single gender board and shall consist of directors of different genders. The Company is also committed to fostering gender empowerment, gender equality and gender diversity across its Workforce. In order to attract and retain candidates from the widest possible pool of available talent, the Diversity Policy will be applied in the recruitment and promotion processes of the Group. Our ultimate goal is to achieve gender parity on the Board, senior management and across the Workforce. More details on the Group’s diversity and inclusion initiatives are set out in the 2025 Sustainability Report.

### Gender Ratio at the Group’s Directors, Senior Management and Workforce



- 1. Member of the Directors and senior management as at the date of this annual report
- 2. Group employee as at 31 December 2025

# Corporate Governance Report

## Board Skills Matrix

The Board comprises a fitting mix of skills, experience, and diversity aligned with the Group's strategy, governance, and business. Its strong independent leadership underpins both effectiveness and efficiency of the Board.

Our Directors bring diverse and complementary backgrounds, contributing valuable expertise and insights that are critical to the Company's sustained growth. The composition of the Board as at the date of this annual report is summarized below:

Name	Pan Benjamin Zhengmin	Mok Joe Kuen Richard	Wu Ingrid Chun Yuan	Zhang Hongjiang	Kwok Lam Kwong Larry	Peng Zhiyuan	Cheng Kwang Ting	Cheng James Su-Ting
<b>Designation</b>	ED	ED	NED	INED	INED	INED	INED	INED
<b>Gender</b>	Male	Male	Female	Male	Male	Male	Male	Male
<b>Age</b>	57	62	55	65	70	53	65	65
<b>Academic Background</b>	Graduated from the Jiangsu Province Wujin Teacher School	Bachelor of Economics  Diploma in Applied Psychology	Graduated from Changzhou School of Public Health	Ph.D in Electrical Engineering  Bachelor of Science	Master of Laws  Bachelor of Economics/ Accounting	Master of Business and Administration  Bachelor of Engineering and Finance	Doctorate degree in Electrical Engineering and Computer Sciences	Juris Doctor  Master of Business Administration  Bachelor of Science Degree in Computer Science
<b>Length of service</b>	22 years	20 years	22 years	7 years	8 years	7 years	2 months	2 months

The Board skills matrix below sets out the skills and expertise of the Board that are most relevant to the Group's strategy, governance and business, and to enabling the Board to effectively discharge its duties and responsibilities in attaining the Group's strategic objectives and achieving sustainable and balanced development for the Group:

- **Leading Core Development Strategies** – Leveraging experience in strategic planning, technology, AI, manufacturing, and investment, the Board drives innovation, smart manufacturing and diversified sustained development.
- **Ensuring Compliance and Sustainability** – With background in corporate responsibility, legal and service on other public and private companies, the Directors uphold high standards of governance, ethics, and stakeholders' engagement.
- **Supporting Financial Strength and Risk Management** – Expertise in accounting, finance, investment banking, and financial management enables prudent financial policies, business development, and robust risk controls.
- **Fostering Management and Talent Development** – Through leadership experience and human resources management capabilities, the Board advances effective talent management, reinforces core HR values, and cultivates a positive corporate culture.

# Corporate Governance Report

These integrated capabilities enable the Board to provide wise guidance, implement effective oversight, and support the Group in achieving sustainable, high-quality development.

Skills, knowledge & professional experience	Pan Benjamin Zhengmin	Mok Joe Kuen Richard	Wu Ingrid Chun Yuan	Zhang Hongjiang	Kwok Lam Kwong Larry	Peng Zhiyuan	Cheng Kwang Ting	Cheng James Su-Ting
(a) Accounting & Finance		✓	✓		✓	✓		
(b) Corporate Responsibility/ Sustainability		✓	✓		✓	✓		✓
(c) Executive management and leadership skills	✓	✓	✓	✓	✓	✓	✓	✓
(d) Financial Service					✓	✓		
(e) Human Resources		✓	✓					
(f) Information Technology & Security				✓			✓	✓
(g) Investment Banking	✓	✓	✓		✓	✓		
(h) Investor Relations	✓	✓				✓		
(i) Legal		✓			✓			✓
(j) Other listed Board Experience/Role			✓	✓	✓		✓	
(k) Risk Management		✓			✓	✓		
(l) Strategic Planning	✓	✓		✓	✓	✓	✓	✓
(m) Technologies & Manufacturing	✓	✓	✓	✓		✓	✓	✓
(n) Artificial Intelligence (AI)				✓			✓	✓
(o) Venture Capital & Angel Investment & high-tech startups management				✓		✓	✓	✓

The Nomination Committee reviewed the Board's composition and skills matrix, as well as Board and workforce diversity. It monitored the implementation of the Diversity Policy and considered that the policy is effective.

## Roles and Authority

The Nomination Committee is responsible for reviewing, advising and making recommendations to the Board on matters in relation to the composition, structure, size and diversity of the Board, the appointment and re-appointment of Directors and the assessment on independence of INEDs and ensuring the proper and transparent procedures for the appointment and re-appointment of Directors, succession planning for the chief officers. The Nomination Committee is also consulted upon the hiring, promotion and appointment of senior management. The Nomination Committee comprises one female Director and will continue to maintain at least one Director of a different gender.

## Nomination Policy & Practice

The Company has adopted a nomination policy for setting up a formal, considered and transparent procedure to help identifying and nomination of candidates for Directors. All valid nomination of candidates, accompanied with details of their biographical backgrounds, would be presented to the Board for consideration as soon as practicable. Consideration would be given to factors such as the candidate's integrity, experience and qualifications relevant to the Company's business. It is believed that members of the Nomination Committee collectively would have required relevant knowledge and skills to identify, invite and evaluate qualifications of nominated candidates for directorship.

# Corporate Governance Report

## Process for appointing a Director

### Shareholders

- Approve the election or re-election of Directors at the Company's general meeting.

### Proposed Director

- Appointment is considered as an individual resolution at the general meeting.

### Board

- Approves the appointment.
- Appointment made through a formal letter.
- For a term of not more than three years.

#### Newly appointed Directors:

- Subject to re-election by Shareholders at the first general meeting following the appointment.

#### Existing Directors:

- One-third of existing Directors are subject to retirement by rotation every year, and the retiring Directors are eligible for re-election.

### Nomination Committee

- Considers the candidates based on merit having regard to the experience, skills and expertise as well as the overall board diversity.
- Makes recommendations to the Board as appropriate.

Interviews with candidates

Identification of candidates

Evaluation of the Board composition and establishment of desired criteria for prospective directors

# Corporate Governance Report

## Work done by the Nomination Committee in 2025 and to date

During the year 2025 and up to the date of this annual report, the Nomination Committee performed, considered and/or resolved the following matters:



- reviewed and assessed the regular updates submitted by the Directors on their commitments to other listed and/or public companies or organizations, their personal and any other business interests, and, any circumstances that may affect independence status of the INEDs
- reviewed the independence of all INEDs annually and when appointing new INEDs
- reviewed the implementation and effectiveness of the mechanism to ensure independent views and input are available to the Board



- reviewed the Board composition and the Board skills matrix and the Directors' time commitment and contribution, and the implementation and effectiveness of the Diversity Policy
- The Nomination Committee is of the view that the balance of the structure, size, composition and diversity of the current Board is adequate to its effective performance



- reviewed and recommended to the Board the terms of appointment of the NEDs (including INEDs), which are set out in the "DIRECTORS AND SERVICE CONTRACTS" section of the "Directors' Report" on pages 37 to 38 of this annual report
- reviewed and agreed the annual list of retiring Directors in relation to the requirement set out in the Articles and in compliance with the Code Provision B.2.2, which all Directors (including EDs, NED and INEDs) are subject to retirement by rotation at least once every three years
- reviewed the composition of the Board Committees
- reviewed and recommended to the Board the appointment of (i) a female member to the Nomination Committee and (ii) 2 New INEDs to the Board

## Directors' Biographical Information

The Directors' biographical information is set out in the section headed "Biographies of Directors, Senior Management and Company Secretaries" on pages 25 to 35 of this annual report. Except for the family relationship between Mr. Benjamin Pan and Ms. Ingrid Wu, as disclosed in Directors' biographical information on pages 25, 27 and 33 of this annual report respectively, there is no financial, business, family or other material relationship between any members of the Board, and, in particular, between the Chairman and the CEO.

## Remuneration Committee

### Roles and Authority

The principal responsibilities of the Remuneration Committee are to advise the Board in relation to the overall remuneration policy and structure of all Directors and senior management, and to review the fees and remuneration of the Chairman and other NEDs (including INEDs) prior to the AGM. In addition, the Remuneration Committee considers management recommendation for key terms of new compensation and benefits plans and reviews senior management's remuneration proposals with reference to the Board's corporate goals and objectives.

# Corporate Governance Report

## Work done by the Remuneration Committee in 2025 and to date

During the year 2025 and up to the date of this annual report, the Remuneration Committee performed, considered and/or resolved the following matters:



### Remuneration and Performance

- reviewed the remuneration package of EDs, NEDs (including INEDs) and senior executives and their incentive payments and assessed their performance for the years of 2024 and 2025
- reviewed the Group performance for 2024 and 2025 and Group targets for 2025 and 2026
- recommended to the Board the remuneration of 2 new INEDs



### Share Schemes

- reviewed and recommended to the Board amendments to the 2016 Share Award Scheme and 2023 Share Award Scheme
- reviewed the proposed grant of share awards in 2025 and recommended it to the Board for approval

## Directors & Senior Management' Remuneration

The Remuneration Committee has adopted Code Provision E.1.2(c)(ii) to make recommendations to the Board on the remuneration packages of the individual EDs and senior management of the Company.

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Hong Kong Listing Rules are set out in note 10 to the financial statements.

## Director Compensation Arrangements

Non-employee Directors receive only cash compensation. INEDs may not receive consulting, advisory, or other compensatory fees from the Company in addition to their Board compensation.

The compensation amounts of the Directors are reviewed on an annual basis and recommended by the Remuneration Committee and approved by the Board, having regard to the individuals' qualifications, experience, responsibilities and comparable market benchmarks. No Director takes part in any discussion on his/her own remuneration.

# Corporate Governance Report

The non-employee Directors' remuneration was adjusted with effect from 1 April 2024. The annual Directors' fees paid, by responsibility, in cash to non-employee Directors during the year ended 31 December 2025 are set out as follows:

<b>Director Compensation Retainers</b>	<b>1 January – 31 December 2025</b>
Annual Director Retainer	US\$64,800
Chairman of the Board Annual Retainer	US\$91,800
Audit and Risk Committee Chairman Annual Retainer	US\$54,000
Audit and Risk Committee Member Annual Retainer	US\$27,000
Nomination Committee Chairman Annual Retainer	US\$9,720
Nomination Committee Member Annual Retainer	US\$4,860
Remuneration Committee Chairman Annual Retainer	US\$9,720
Remuneration Committee Member Annual Retainer	US\$4,860

The following table sets forth, by responsibility for their newly added services as the chairman and member of the Sustainability Committee, the annual Directors' fee payable in cash to employee and non-employee Directors, with effect from 1 April 2025:

<b>Director Compensation Retainers</b>	<b>1 April – 31 December 2025</b>
Sustainability Committee Chairman Annual Retainer	US\$9,720
Sustainability Committee Member Annual Retainer	US\$4,860

The Company reimburses Directors for all reasonable out-of-pocket expenses incurred for attending Board and Committees meetings.

## Group Emoluments Arrangement

The emoluments of the Group including senior management team are considered having regard to their qualifications, experience, responsibilities, comparable market benchmarks, the Company's operating results and individual performance. In particular, the emoluments of the senior management team are reviewed and recommended by the Remuneration Committee and approved by the Board.

The remuneration of members of the senior management by band for the year ended 31 December 2025 is set out below:

<b>Remuneration bands</b>	<b>Number of individuals</b>
HK\$2,500,001 – HK\$3,000,000	1
HK\$4,000,001 – HK\$4,500,000	1
HK\$8,000,001 – HK\$8,500,000	1

## Directors' and Officers' Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding offices as the Directors and officers of the Group. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

# Corporate Governance Report

## Share Award Schemes

The Company on 23 March 2016 adopted the 2016 Share Award Scheme constituted by a trust deed between the Company and the 2016 Scheme Trustee, in which employees, including Directors, may be selected by the Board to participate. Pursuant to the 2016 Share Award Scheme, Shares of the Company will be purchased on the Hong Kong Stock Exchange, by the 2016 Scheme Trustee.

The Company on 17 April 2023 adopted the 2023 Share Award Scheme constituted by a trust deed between the Company and the 2023 Scheme Trustee, in which employees, including Directors, may be selected by the Board to participate. Pursuant to the 2023 Share Award Scheme, Shares of the Company will be, among other things, subscribed for at a subscription price as determined by the Board, or purchased on the Hong Kong Stock Exchange, by the 2023 Scheme Trustee.

Please refer to the section headed “SHARE AWARD SCHEMES & SUBSIDIARY SHARE INCENTIVE SCHEME” on pages 50 to 54 of this annual report for details.

## Sustainability Committee

### Roles and Authority

The Sustainability Committee (“SC”) is responsible for reviewing and endorsing the Company’s strategies, policies, practices, and goals, and reporting these to the Board. Under its Terms of Reference, the Sustainability Committee has a range of ESG related responsibilities and has set up a Sustainability Work Group (“SWG”) led by EVP with officers responsible for different functions of the Group. The SC receives reporting from the SWG on its review and evaluation of the adequacy and effectiveness of group-level policies associated with sustainability. Emerging sustainability issues and trends in national and international standards that may impact the Group’s business operations and performance are also monitored.


Climate and sustainability related risks, part of the Group’s ERM, assessed and monitored jointly with the Audit and Risk Committee, are assessed and managed by the SC; and, when necessary, corrective remedial plans are actioned by the SWG.

Last but not the least, the SC and the SWG also monitor and evaluate the impact and obtain feedback on the Company’s sustainability strategies and practices with its stakeholders, ensuring integrity, completeness and relevance of all disclosure and communication.


# Corporate Governance Report

## Work done by the Sustainability Committee and the SWG in 2025 and to date


During the year 2025 and up to date of this annual report, the Sustainability Committee and the SWG, performed, considered and/or resolved the following matters:



- assessed and evaluated the performance and function of SWG members and external consultants



- reviewed annual sustainability highlight, year plan, peer analysis and rating improvement list, and on-going projects
- set the Group's ESG targets
- reviewed the Group's ESG governance structure
- reviewed sustainability issues and national and international standards, such as, the Group's preparation on Corporate Sustainability Reporting Directive and Carbon Border Adjustment Mechanism
- reviewed in-house digital solutions and data management
- reviewed climate related risks and opportunities



- reviewed consultant's sustainability report
- reviewed and discussed consultant's climate physical and transition risks and opportunities analysis
- reviewed scope 3 data analysis
- coordinated with consultant to initiate discussions with key factory sites on climate-related financial implications

# Corporate Governance Report

## CORPORATE GOVERNANCE CODE

The Company has continued to fully comply with requirements of the Code Provisions for the financial year ended 31 December 2025. The Board has ensured that the Chairman of the Board and the chairman of each Committees of the Board attend the AGM to answer questions that might be raised. To ensure a balanced understanding of the views of Shareholders is maintained by all INEDs, the Company provides Shareholders' feedback from the Company's investor relations reports from time to time.

The table below illustrates how and in what way the Company has already adopted certain recommended best practices of the CG Code:

Recommended Best Practices	Adopted by the Company
A significant proportion of the executive directors' remuneration should link rewards to corporate and individual performance	A significant proportion of an ED's remuneration has been correlated with the corporate and individual performance since his appointment.
No equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors	No equity-based remuneration with performance-related elements were granted to INEDs.
<p>The company is encouraged to include the following information in the Corporate Governance Report:</p> <ul style="list-style-type: none"> <li>(a) details of shareholders by type and aggregate shareholding;</li> <li>(b) indication of important shareholders' dates in the coming financial year; and</li> <li>(c) the percentage of public float.</li> </ul>	<p>The Company disclosed the following information in the Corporate Governance Report:</p> <ul style="list-style-type: none"> <li>(a) details of the Shareholders by type and aggregate shareholding;</li> <li>(b) indication of important Shareholders' dates in the coming financial year; and</li> <li>(c) the percentage of public float.</li> </ul>

# Corporate Governance Report

## LEGAL AND REGULATORY COMPLIANCE

### Compliance

During the year, the Board continued to review the Company's legal framework on implementing policies and practices to ensure the operations of the Company are in compliance with existing or any new legal and regulatory requirements of all applicable jurisdictions, including updates of the Hong Kong Listing Rules and disclosure requirements under the Hong Kong Securities and Futures Ordinance, the Companies Act of the Cayman Islands as well as the Hong Kong Companies Ordinance.

The Company seeks to abide strictly by the governing laws and regulations of the jurisdictions where it operates through its subsidiaries or branches and observes the applicable guidelines and rules issued by regulatory authorities.

### Dividend Policy

The Board adopted a Dividend Policy for the Company and confirmed that all dividend decisions made by the Board were made in accordance with the Dividend Policy of the Company. The Company considers sustainable returns to its Shareholders to be its goal, and, endeavors to declare dividends in each financial year.

In deciding whether to declare a dividend and in determining the amount and form of dividend, the Board shall take into account the following factors:

- Financial performances;
- Working capital;
- Capital expenditure;
- Future investment; and
- Any other factors the Board may deem relevant.

In addition to the aforesaid factors, the Board shall take into account the Company's prospects, historical dividend amounts and dividend yields. Nevertheless, there is no assurance that dividends will be paid in any particular amount for any given period.

Regarding the final dividend for the year ended 31 December 2025, there has been no material variation in the rate compared to the previous corresponding period. Relevant details are set out in the "RESULTS AND DIVIDENDS" section contained in the Directors' Report of this annual report.

Declaration and payment of dividends are subject to compliance with applicable laws and regulations including the law of Cayman Islands and the Company's Articles and, dividends received from its subsidiaries.

The Board will continually review this policy for the long-term interests of the Shareholders from time to time.

# Corporate Governance Report

## Model Code for Securities Transactions by Directors

The Company has adopted codes of conduct regarding securities transactions by Directors and by relevant employees (as defined in the CG Code) on terms not less exacting than the required standards set out in the Model Code as mentioned in Appendix C3 to the Hong Kong Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions during the year ended 31 December 2025. Furthermore, based on the information submitted by the Directors, the Board is of the view that the Directors are in compliance with the required standards.

## Securities Dealing Restriction to Management and Staff

Our management and staff are subject to the Company's securities dealing restrictions for those who have access to potential inside information.

## JOINT COMPANY SECRETARIES

All Directors have access to the advice and the professional services of the Joint Company Secretaries, Mr. Ho Siu Tak Jonathan ("Mr. Ho") and Ms. Guan Muyi ("Ms. Guan"). Mr. Ho is the Group Legal Director and has been appointed as Company Secretary with effect from 25 March 2020, and Ms. Guan is the Legal and Compliance Director of the Company and has been appointed as Joint Company Secretary with effect from 1 January 2023. In addition to company secretarial matters of the Company, the Joint Company Secretaries are responsible for ensuring that Board procedures are followed and for facilitating communications among Directors. During the year ended 31 December 2025, each of the Joint Company Secretaries of the Company have attended no less than 15 hours of relevant professional training to update their skills and knowledge.

## INTERNAL AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management and internal control systems are fundamental to the achievement of our strategic objectives. The Company has in place an ERM framework to effectively identify, assess, mitigate and monitor key strategic, market, financial, operational and compliance risks. The framework enables us to adopt a proactive and structured approach to identifying and managing risks across the organization with on-going monitoring and review. Our Board, acting through the Audit and Risk Committee in the first instance, is responsible for overseeing and evaluating management in the design, implementation and maintaining a sound and effective risk management and internal control systems on an ongoing basis. The governance framework is illustrated as follows:

# Corporate Governance Report

## Governance Framework – Internal Control & Risk Management Process

Role	Accountability/ In Charge	Responsibilities
<p><b>“Top-down”</b> Identification &amp; management of strategic and business risks at corporate level</p>	<p><b>Board</b></p>	<p><b>Risk Management Oversight</b></p> <ul style="list-style-type: none"> <li>Oversees the Company’s risk management policies and process.</li> <li>Determines the nature and extent of the outstanding and newly emerging risks.</li> <li>Reviews that the Group has maintained effective and adequate risk management and internal control systems quarterly and ensures that all processes are properly carried out.</li> </ul>
	<p><b>Audit and Risk Committee assisted by Internal Audit</b></p>	<p><b>Risk Review, Communication &amp; Confirmation to the Board</b></p> <ul style="list-style-type: none"> <li>Conducts regular reviews with management the Company’s major financial and regulatory risk exposures and the steps management has taken to monitor and control such exposures.</li> <li>Evaluates the management’s effectiveness in the design, implementation and monitoring of the internal controls and ERM.</li> <li>Reviews the adequacy of resources, staff qualifications and experience, training programs and budget of the Group’s accounting, internal audit and financial reporting functions and ensure these functions were maintained properly.</li> <li>Oversees the Company’s risk profile and assesses if key risks are appropriately mitigated.</li> <li>Ensures that an ongoing review of the effectiveness of the risk management and internal control systems has been conducted and provides such confirmation to the Board.</li> </ul>
<p><b>“Bottom-up”</b> Risk assessment, monitoring and effective communication through operation units/ departments</p> <p>Identification, management &amp; report of risks at operation level</p>	<p><b>Heads of departments along with verification by Internal Audit</b></p>	<p><b>Risk &amp; Control Monitoring</b></p> <ul style="list-style-type: none"> <li>Identifies, assesses and manages the significant operating risks facing the Company.</li> <li>Monitors the risk management and internal control systems and implementing new controls.</li> </ul>
	<p><b>Business/ Operation Units</b></p>	<p><b>Operation Risks &amp; Internal Controls Ownership</b></p> <ul style="list-style-type: none"> <li>Risk identification, assessment and mitigation performed across organization’s various departments.</li> <li>Risk management process and internal controls practised across organization’s business operations and functional areas.</li> </ul>

# Corporate Governance Report

## Risk Governance & Oversight

The Company has always valued the importance of the internal control system, and has been referencing certain critical aspects of organizational governance, business ethics, fraud and financial reporting established by COSO. Internal Audit has incorporated these critical aspects in its audit planning and objectives when assessing the effectiveness of internal controls. Also, Internal Audit has already included in its work scope to cover financial reporting objectives and has increased focus on operations and compliance aspects. IT audit focuses on IT and information security risks in respect of strategy, operations, compliance, reputation and infrastructure. Report of the evaluation and implementation of such information security plans, policies and processes are discussed regularly, and modified as appropriate, by the Audit and Risk Committee. With reference to COBIT framework, the Company continued to enhance its cyber risk vulnerability controls management through various policies updates and employees training and again received the certification of ISO 27001. On the basis of the quarterly review carried out by Internal Audit during the year, management has formed the conclusion that, for the financial year ended 31 December 2025, the Company's internal controls over the Company's financial and non-financial reporting were appropriate and effective.

It is recognized that the assessment of the internal control systems is an on-going process which will require applications of underlying principles to the different objective categories in the changing business and operating environments. In particular, management enhancements are required to address deficiencies in internal controls over operations, compliance, financial and non-financial reporting. Meanwhile, the internal audit plan will continue to be based on a risk-based approach aligned with organizational objectives and, to some extent, stakeholder priorities.

Within the Group, there is a clearly-defined management structure with specified authority limits and segregated responsibilities to achieve business control objectives and safeguard of assets. Guidelines and approval limits for operating (including research and development) and capital expenditure are set clearly. They include division of operations and financial personnel to be responsible for the different approval processes. An internal system has been implemented to enhance the controls and effectiveness embedded in the approval process. A separate finance team is designated to ensure maintenance of proper and complete accounting records by all the Group companies for producing reliable financial information for internal management use. Regular review of the financial information involving senior management and the Board is carried out for verification and monitoring purposes.

The internal audit team also provides independent assurance that the internal control system is effective and efficient. In order to carry out its function, the internal audit team is given unrestricted access to all the personnel, business files and accounting records. The head of the team reports directly and regularly to the Audit and Risk Committee on all the significant audit matters. Adverse implications from such findings on the accuracy and completeness of the financial report and the effectiveness of the internal control systems are discussed in details by the Audit and Risk Committee and rectified within a reasonable timeframe.

Key risk factors are set out on pages 21 to 24 of this annual report. The procedures and internal controls for the handling and dissemination of inside information are set out under the below section headed "Corporate Disclosure and Inside Information" of this annual report.

# Corporate Governance Report

## Enterprise Risk Management

Since 2012, the Company has embarked on the journey of building an ERM system with a view to enhancing the risk management and corporate governance practice and improving the effectiveness and efficiency of internal control systems across the whole Company. In 2025, the Company has procured and allocated sufficient resources, including external professional resources, to continue to refine ERM and the risk-driven approach for its internal audit plan. Relevant departments, assisted by the additional resources, conducted reviews and updates on risk assessment and internal controls by key management processes. The Board believes that a heightened focus on risk and compliance is beneficial for the ongoing development and growth of the Company as well as its staff. In establishing the ERM system, all key functions of the Company undertake the following exercises:

1. ERA – to identify and prioritize the Company's key business risks;
2. Process level control assessment – to assess the related internal control matters and risk mitigating measures; and
3. Environmental, social and governance (“ESG”) risk management is part of the sustainability governance, and more details are covered on pages 97 to 102 of “Sustainability” section.

The ERA is designed to be an efficient and comprehensive process which assists management in accomplishing the following ERA objectives:

- Allows management to identify and prioritize the key risks affecting the achievement of the Company's business objectives;
- Assesses how those key risks are currently being managed and identifies areas where potential gaps and inefficiencies may exist;
- Identifies opportunities for improvement; and
- Allows management to develop a coordinated and systematic approach to embed risk management activities into the daily operations, including planning, investment and strategic decisions, so as to better balance risk and enterprise reward.

## Effectiveness Review of Risk Management and Internal Control Systems

The review of the effectiveness of the Company's risk management and internal control systems has been discussed on pages 86 to 88. Based on the above, the Board confirmed that the Company's risk management and internal control systems for the financial year ended 31 December 2025 were appropriate and effective for the purposes set out in Principle D2 of the CG Code.

## EXTERNAL STATUTORY AUDIT

The Directors acknowledge responsibilities for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these Financial Statements for the year ended 31 December 2025, the Directors have selected suitable and applied consistent accounting policies, made reasonable judgments and prudent estimates in preparing the Financial Statements on a going concern basis. Reporting responsibilities of the external auditor of the Company are set out on pages 105 to 106 of this annual report. Directors acknowledge their responsibilities for the preparation and the true and fair presentation of the Financial Statements for the year ended 31 December 2025 in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and the Hong Kong Listing Rules. Furthermore, the Directors are aware of the responsibility for keeping proper accounting records which could provide the financial position of the Company with reasonable accuracy at all times.

# Corporate Governance Report

## Auditor's Remuneration

The Company's external auditor is Deloitte. Deloitte has confirmed to the Audit and Risk Committee that they are independent with respect to acting as external auditor to the Company. Deloitte will not be engaged for any non-audit work unless the non-audit work meets the criteria suggested in the Hong Kong Listing Rules and HKICPA's Code of Ethics for Professional Accountants and has been discussed and pre-approved by the Audit and Risk Committee.

On completion of their annual audit, Deloitte will review its audit work process and plan for the next year's audit. A proposed audit fee and work plan, incorporating expansion plans, new business operations and organization changes of the Company, will be submitted to the Audit and Risk Committee. Their proposal will also be reviewed along with internal management feedback on Deloitte's audit work and the appointment of auditor will be discussed and recommendation made to the Board.

During the year ended 31 December 2025, the services provided to the Company by Deloitte, and the respective fees paid are set out below:

Types of service	2025 HK\$'000
<b>Audit Services</b>	
Annual audit – Group audit	4,866
Annual audit – Overseas	2,674
Interim review	1,578
Audit of special purpose financial statements	900
<b>Non-audit Services</b>	
Total fees for ESG	1,430
Total services relating to taxation	4,939
Total fees for advisory services	623
<b>Total fees</b>	<b>17,010</b>

A representative of Deloitte has attended the AGM of the Company in 2025 as usual to answer questions, if any, from Shareholders.

The Company has also adopted a policy of not hiring employees of the external auditor who are or have been involved in the Company's audit so as to ensure no impairment of the auditor's judgment and independence with respect to its auditing. This policy has been strictly complied with since the auditor's appointment.

## SUSTAINABILITY GOVERNANCE

The Board is responsible for overseeing ESG risk management and implementing the Group's sustainability strategy in order to ensure that the Group could respond effectively to ever-changing market developments and stakeholders' expectations. Effective sustainable development requires responsive and collective sustainability and business strategies that could embrace the evolving nature of sustainability challenges as well as opportunities. Beginning in March 2025, the Audit and Risk Committee and the Sustainability Committee, established in May 2024, have joint responsibility for supervising risk management and internal controls. The Audit and Risk Committee focuses on operational, financial and compliance risks, while the Sustainability Committee emphasizes on climate, health and safety, and cyber-security risk. Since March 2023, the Group has engaged an independent major international accountancy firm as the Group's consultant for sustainability matters.

# Corporate Governance Report

The Board, the Sustainability Committee and the Sustainability Working Group (“SWG”) will continue to work closely to ensure that the Group’s sustainability strategies are implemented on a timely basis. The Group’s sustainability strategy for 2025 was reviewed by the Sustainability Committee, and going forward, the Group’s sustainability strategies would be revised on a periodical basis to ensure they are relevant to identified ESG risks and opportunities. The SWG, headed by a senior executive, convenes regularly to oversee the review of the Group’s sustainability strategies and key concerns, handles associated risks and opportunities and elevates the efficiency of ongoing initiatives. The SWG will proactively review and update the identified material ESG topics and their materiality, performance and targets to ensure they align with the Group’s long-term business targets and global ESG laws, regulations and recommendations.

The full “thirteenth stand-alone annual” 2025 Sustainability Report covering operational, talent management, environmental impacts, community care and other sustainability governance topics is published on the Company’s website [www.aactechnologies.com](http://www.aactechnologies.com). The approach to compiling the 2025 Sustainability Report was based on an ESG materiality assessment conducted by the Group’s sustainability consultant in the year 2024, of which, 8 out of 29 highly material topics were reviewed and validated by the SWG and presented to, and, approved by the Sustainability Committee on 17 March 2024 and the Board on 20 March 2024. To ensure the identified material topics continue to be of relevance to the Group, the next materiality assessment will be carried out in the year 2026, i.e. on a biennial basis.

The full Sustainability Report for the year 2025, was reviewed by the Sustainability Committee and approved by the Board, respectively in March 2026. Meanwhile, the full Sustainability Report for the year 2024, the Group’s sustainability progress update in the Group’s Interim Report for the first-half to 30 June 2025 were reviewed by the Sustainability Committee and approved by the Board, respectively, in March 2025 and August 2025.

## **Code of Conduct, Whistleblowing Policy and Anti-Fraud and Anti-Bribery Policy**

The Group Ethics Committee, spearheaded by the Chief Executive Officer, ensures the business ethics are adopted across the Group. The Company outlines the anti-corruption, fraud, conflicts of interest, anti-discrimination, anti-competition, and confidentiality initiatives in the “Code of Conduct” and “Code of Business Conduct and Ethics”. These guidelines provide principles for all employees to act with integrity, impartiality and honesty. “Redline Control System” outlines the potential measures to address any employee violations of the Company’s conduct policies and mitigate incidents that may disrupt the Company’s normal operations due to human-related factors.

To prevent unethical business conduct, the Company provides anti-corruption training to all employees. The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company has a clear “Anti-Fraud and Anti-Bribery policy” that supports anti-corruption laws and regulations, and to promote an anti-fraud and anti-bribery culture within the Company.

To build into a system where there are checks and balances such that no single party could “dictate/control” a transaction, activity or process to conceal irregularities, the Company introduces “the Whistleblowing Policy” to facilitate reporting suspected fraudulent activity without fear of reprisals and ensure the whistleblower reports taken seriously. Such policy, approved by the Board, is a key constituent of Code of Ethics, where employees are encouraged to raise concerns in confidence about misconduct, malpractice of matters related to the Company. The Board delegates the Audit and Risk Committee to monitor and review the “Whistleblowing Policy” and to report any severe incidents investigated by the Internal Audit Department.

# Corporate Governance Report

## SHAREHOLDERS ENGAGEMENT AND VALUE

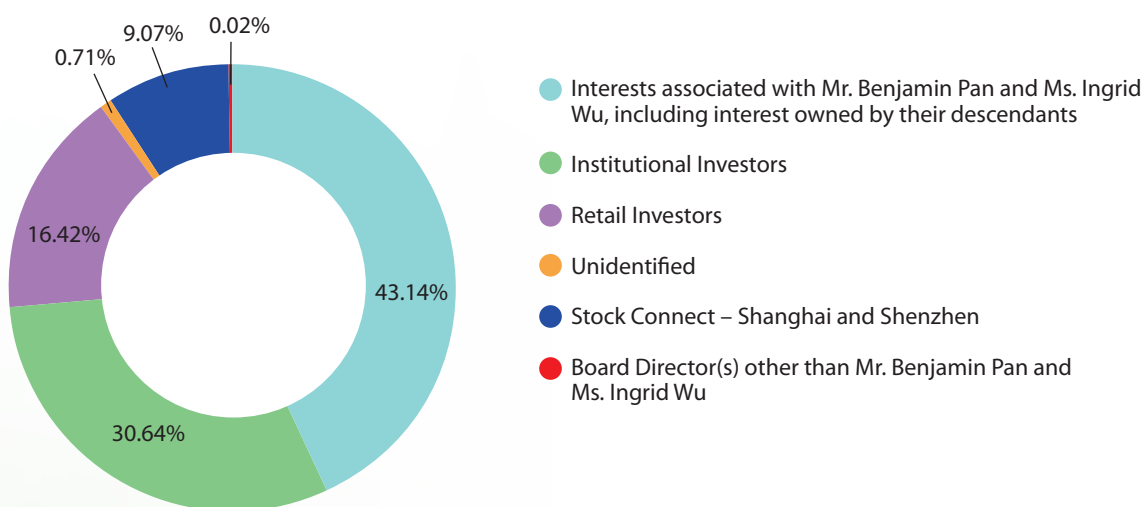
### Shareholders

Almost all the Shareholders are holding the Company's Shares through nominees or intermediaries such as HKSCC Nominees Limited. Hence, the register of members of the Company only had 109 direct registered Shareholders as at 31 December 2025. Separately, as the Company's Shares are eligible for trading in the Shanghai/Shenzhen-Hong Kong Stock Connect, an aggregate shareholding was held through China Securities Depository and Clearing Corporation Limited as one single Shareholder, which as at 31 December 2025, amounted to 105.93 million Shares, or representing approximately 8.84% of total issued Shares of the Company.

The Company analyses its shareholding structure on a regular basis, including a review of the register of institutional and retail investors, to keep track of changes in shareholdings by type of investors. A shareholding register analysis was conducted as at 31 December 2025 and revealed the shareholding structure as follows:

#### (I) Shareholders by Category:

*(per Shareholder Analysis as at 31 December 2025, rounded to nearest 0.01%)*



Note: The approximate percentage of shareholding is calculated on the basis of 1,168,250,500 Shares in issue (excluding treasury Shares) as at 31 December 2025.

# Corporate Governance Report

## (II) Shareholders by Domicile:

	<b>% of Total Issued Shares</b>
Singapore	41.16
Hong Kong, China	23.12
North America	13.49
China Mainland	10.47
United Kingdom	7.55
Europe (ex-United Kingdom)	3.46
Rest of World	0.75
Total	100.00

### Notes:

1. The shareholding in Singapore included the interests associated with Mr. Benjamin Pan and Ms. Ingrid Wu.
2. The approximate percentage of shareholding is calculated on the basis of 1,168,250,500 Shares in issue (excluding treasury Shares) as at 31 December 2025.
3. 97.62% of all issued Shares (including treasury Shares) were held through HKSCC Nominees Limited as at 31 December 2025.

## Corporate Disclosure and Inside Information

The Board recognizes the significance of establishing procedures and internal controls for handling and disseminating inside information about the Company and any other information required to prevent a false market in the Company's securities on a timely, accurate and complete basis. The Board has reviewed and updated our Corporate Disclosure Policy to ensure that the continuous disclosure standards and procedures are in compliance with the requirements of the Hong Kong Listing Rules, Securities and Futures Ordinance and applicable laws and regulations of the Cayman Islands and the Hong Kong Companies Ordinance, including the "Inside Information" legislation. The procedures and practices are to ensure that "Inside Information" can be escalated up within the organization and appropriate decision is made to decide if an announcement should be made. In this respect, the policy has defined "Inside Information" and the principles of disclosure so that the public and the investment community are able to appraise the position of the Company and its stock market activity where the Shares of the Company are traded.

To facilitate the process, a Disclosure Committee has been formed and meets when necessary. Designated spokespersons are appointed with well-defined responsibilities of communicating and monitoring information disclosure to Shareholders, the investment community and the media, if appropriate.

## Communications with Shareholders and Investment Community

The Company has established a Shareholders Communication Policy which sets out various formal channels of communication with Shareholders. The Board has reviewed the Group's Shareholders and investors engagement and communication activities conducted in 2025 and was satisfied with the implementation and effectiveness of the Company's Shareholders Communication Policy during the year. The transparent and comprehensive disclosure of the Company's performance and activities is to ensure that its Shareholders and the investment community are provided with good and timely access to balanced, understandable and updated operating information about the Company, such as its financial performance, strategic goals and plans, material developments, governance and risk profile, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

A number of formal communication channels are used. These include the annual report, interim report, announcements/disclosures through the Hong Kong Stock Exchange platforms, circulars and press releases of the Company. The Company also updates its website, [www.aactechnologies.com](http://www.aactechnologies.com), and IR WeChat group, regularly to ensure prompt dissemination of information about its latest development.

# Corporate Governance Report

General meetings are another means to enter into a direct dialogue with Shareholders. Board members (including the Chairman), in particular, the Chairmen or members of all Board Committees or their delegates, and a representative (usually the engagement partner) of the external auditor attend to answer Shareholders' questions.

In addition, the Company strives to uphold a high level of corporate transparency and provides full support to the investor relations team by involving senior management in ongoing dialogue with Shareholders and the investment community to keep them abreast of the Company's latest development strategy, business management, financial information and business progress.

The Company's investor relations team is committed to meeting Shareholders' and investment community's requests on communicating business-related information in a timely manner, and to proactively communicate with the investment community. This is designed to ensure the Company's strengths and competitive advantages, as well as its ability to manage changes in the business environment, are fully understood and hence reflected in the Company's market valuation. The investor relations team also reports, from time to time, to the Board to keep the Board informed of the latest perceptions in the market regarding the Company and the issues of concern to Shareholders and the investment community.

The Company's investor relations team strictly controls its participation in Shareholders'/investors' activities, telephone conferences, and media activities during the "Quiet Periods" in order to avoid potential selective disclosure of Inside Information or its perception of doing so. The Corporate Disclosure Policy, Shareholders Communication Policy and "Quiet Periods" policy are all posted on the Company's website.

During 2025, the Company held a series of activities in relation to its interim and annual results announcements, including panel discussions with Shareholders and the investment community via webcast/teleconferencing and participation in different conferences, forums and virtual non-deal roadshows in Hong Kong and other parts of the world organized by different brokers. This helps the Company to meet the goal of establishing sound relationships with Shareholders and the investment community and maintaining a solid and diverse Shareholder base. Furthermore, there are regular sessions held with local-based securities brokers, the local and overseas press and media representatives for timely distribution of information to non-institutional investors.

At the 2025 AGM held on 22 May 2025, a resolution was proposed by the Chairman in respect of each separate issue itemized on the agendas. Procedures for conducting a poll were explained by the Chairman at the meeting. The chairman of the Board and members of Board Committees were joined in person, prepared to answer questions, if any, from Shareholders. All resolutions were voted by way of poll. The Company appointed the branch share registrar of the Company to act as scrutineers and to ensure votes cast were properly counted and recorded, and announced the results of the poll on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Hong Kong Listing Rules on the same date.

The Shareholders and investors engagement and communication activities conducted in 2025 are set out as follows:

Channels	2025 Highlights	Group(s) of Shareholders involved	Company's representatives involved	Following Up Actions
2025 AGM	<ul style="list-style-type: none"> <li>2025 AGM was held on 22 May 2025</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders of the Company</li> </ul>	<ul style="list-style-type: none"> <li>All Directors, including the Chairman of the Board, chairman of each of the Board Committees and CEO, as well as the CFO attended the Company's 2025 AGM in person or by electronic means.</li> <li>The representative of Deloitte, the auditor of the Company, has attended the 2025 AGM</li> </ul>	<ul style="list-style-type: none"> <li>At the 2025 AGM, the Board and management addressed Shareholders' questions and listened to their opinions. The Board will diligently implement resolutions passed at the 2025 AGM and, where appropriate, exercise the authorities granted by the Shareholders at 2025 AGM.</li> </ul>

# Corporate Governance Report

Channels	2025 Highlights	Group(s) of Shareholders involved	Company's representatives involved	Following Up Actions
Non-deal Roadshows	<ul style="list-style-type: none"> <li>Hosted nearly 300 investor meetings</li> </ul>	<ul style="list-style-type: none"> <li>Conducted non-deal roadshows with over a thousand investors across Mainland China (Beijing, Shanghai, Shenzhen), Hong Kong, the US, the UK, and Singapore</li> </ul>	<ul style="list-style-type: none"> <li>Senior management, including the CEO, EVP, and CFO, participated in key meetings and conferences</li> </ul>	<ul style="list-style-type: none"> <li>During the roadshows, the management addressed investors' questions about the Company's operations, financials, and strategic plans while carefully listening to their feedback. They would take investors' suggestions into account where appropriate.</li> </ul>
Results Presentation	<ul style="list-style-type: none"> <li>Hosted an interim results presentation and an annual results presentation</li> </ul>	<ul style="list-style-type: none"> <li>Each session attracted hundreds of investors</li> </ul>	<ul style="list-style-type: none"> <li>Senior management, including the CEO, EVP, and CFO, participated in the presentations</li> </ul>	<ul style="list-style-type: none"> <li>During the results presentations, the management addressed investors' questions about the Company's operations, financials, and strategic plans while carefully listening to their feedback. They would take investors' suggestions into account where appropriate.</li> </ul>
Shareholder Visits	<ul style="list-style-type: none"> <li>Hosted over 10 site visits and product experience sessions for the Group's core products</li> </ul>	<ul style="list-style-type: none"> <li>Attended by over 50 investors</li> </ul>	<ul style="list-style-type: none"> <li>Senior management, including the CEO, EVP, and CFO, participated in the key events</li> </ul>	<ul style="list-style-type: none"> <li>During these visits, the management introduced the latest products and technology to investors and hosted Q&amp;A sessions. Suggestions and recommendations for further improvement of the visit will be handled by management for follow-up.</li> </ul>

## SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year, and at the place and/or by electronic means as may be determined by the Board. Each general meeting, other than an AGM, shall be called an EGM. Set out below are procedures by which Shareholders may (a) convene an EGM; (b) put forward enquiries to the Board; and (c) put forward proposals at general meetings. The procedures are subject to the Articles and applicable legislation and regulation.

# Corporate Governance Report

## Procedures for Shareholders to Convene EGM

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the Joint Company Secretaries, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the business to be transacted at the meeting, signed by the requisitioner and deposited at the Company's principal place of business in Hong Kong or the Company's registered office for the attention of the Board or the Joint Company Secretaries, and may consist of several documents in like form, each signed by one or more requisitioners. The requisition will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the requisition is proper and in order, the Joint Company Secretaries will ask the Board to convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the requisition has been verified as invalid, the requisitioners will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitioner(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the requisitioner(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- Not less than 14 clear days' notice in writing if the proposal constitutes an ordinary resolution of the Company; and
- Not less than 21 clear days' notice in writing if the proposal constitutes a special resolution of the Company.

## Procedures for Putting Enquiries to the Board

Shareholders may, at any time, direct enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by email to [aac2018@aactechnologies.com](mailto:aac2018@aactechnologies.com) for investor relations team to follow up.

## Procedures for Putting Forward Proposals at General Meetings

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written request, duly signed by the Shareholder concerned, setting out the proposals at the Company's principal place of business in Hong Kong for the attention of the Board or the Joint Company Secretaries. The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Joint Company Secretaries will pass the request to the Board. Whether a proposal will be put to a general meeting will be decided by the Board in its discretion, unless the proposal put forward by a Shareholder is (a) pursuant to a requisition by a Shareholder to convene an EGM referred to above or (b) forms part of ordinary business to be considered at an AGM as described in the Articles.

The procedures for Shareholders to propose a person for election as Director are posted on the Company's website at [www.aactechnologies.com](http://www.aactechnologies.com).

## Constitutional Documents

During the year ended 31 December 2025, there was no amendment made to the Company's constitutional documents. An up-to-date consolidated version of the Memorandum and Articles is available on the websites of the Hong Kong Stock Exchange and the Company.

# Sustainability

## KEY HIGHLIGHTS OF 2025 (extracted from the Sustainability Report for the year 2025)

### Performance Highlights

Workforce			
63:37 Male to female ratio	27% With Degree or higher <sup>1</sup>	28 Average training hours per employee in 2025	
Health and Safety			
2.47 Work-related injuries per 1,000 workers ↓24.5% as compared with 2024	1,023,349 Safety training hours	37,336 Total number of occupational health checkups	
Environment			
38.9 million kWh Generated Renewable Energy ↑13.1% as compared with 2024	0.24 tCO <sub>2</sub> e per ten thousand RMB revenue ↓ 11% Greenhouse gas ("GHG") intensity <sup>2</sup> as compared with 2024	431 tonnes per million RMB revenue ↓ 15% Water consumption intensity as compared with 2024	
Operations			
4,860 Patents	1,341 Tier-1 Suppliers 20 Significant Suppliers	70% Conflict Mineral-free <sup>3</sup>	
R&D Innovation			
18 R&D Centres	5,089 R&D Engineers and Technicians among the Group	4,860 Patents Overseas: 2,569 PSS: 104	2,528 Patent Applications Overseas: 1,564 PSS: 114






<sup>1</sup> PSS excluded

<sup>2</sup> Scope 1 and 2 emission intensity only

<sup>3</sup> A new standard for tracking the rate of using conflict mineral-free

# Sustainability

Recognitions	
<p>Women's Tabloid</p> <p>Best Women CFO – Electronics Manufacturing</p>	<p>Hong Kong Institute of Certified Public Accountants (Accounting group)</p> <p>Best Corporate Governance and ESG Awards</p>
<p>2025 Cailian Press Zhiyuan Award (2025財聯社—致遠獎)</p> <p>Excellence in Sustainable Development Information Disclosure (可持續發展信息披露卓越獎)</p>	<p>Jiangsu Provincial Department of Industry and Information Technology (江蘇省工信廳)</p> <p>Advanced Smart Factories (先進級智能工廠)</p>
<p>Clarivate</p> <p>Top 100 Global Innovators 2025</p>	<p>International Symposium on ElectroAcoustic Technologies (電聲技術國際研討會)</p> <p>Best Business Partner</p>

ESG Rating		
 <p>18.5 Low Risk Sustainalytics (‘low risk’ since 2020)</p>	 <p>47 DJSI Index – ESG Score (47 in 2024)</p>	 <p>Carbon Disclosure Project (“CDP”)<sup>4</sup> AAC Technologies: Climate Change: C Water Security: C</p>
 <p>AA HKQAA Sustainability Rating (AA since 2015)</p>	 <p>3.1 FTSE4Good (a designated member since 2020)</p>	 <p>MSCI ESG Ratings BBB (BBB in 2024)</p>

<sup>4</sup> This is the first year combined AAC and PSS CDP score

# Sustainability

## TARGETS AND COMMITMENTS

We have enhanced our sustainability disclosures by clearly illustrating our targets for each material topic. To demonstrate our commitment, we provide transparent reporting on our current progress, underpinned by a strategic roadmap that outlines our short-term actions and long-term ambitions.

Targets and Commitments	Current Progress
<i>Business Ethics</i>	
By 2030 or earlier, we aim to have 60% of factories RBA audited (SAQ/VAP), and 8 factories with RBA Silver Certificate	15% of our factories are RBA audited  1 factory has received the RBA Silver Certificate
<i>Supply Chain Management</i>	
Achieve a 100% compliance declaration rate from active suppliers by 2030	70% of Tier-1 <sup>5</sup> supplier have declared compliance
Encourage key suppliers to set carbon reduction targets and use renewable electricity to produce AAC Technologies' products by 2030	In progress  We are actively engaging with suppliers to accelerate the adoption of recycled materials and low-carbon technologies, directly targeting emissions reduction.
<i>Conflict Minerals Management</i>	
By 2030, 100% of Tier 1 suppliers to sign the Conflict Minerals Declaration	70% of Tier 1 suppliers have signed the conflict minerals declaration
By 2030, achieve a 100% due diligence response rate and ensure all smelters meet the RMI requirements	92% due diligence response rate <sup>6</sup>  90% of smelters have met the RMAP requirements <sup>7</sup>
<i>Occupational Health and Safety</i>	
Maintain a workplace accident rate of less than 0.5%	0.27% accident rate in 2025  1 factory has received the RBA Silver Certificate

<sup>5</sup> Tier-1 suppliers are the key BOM material suppliers in the approved vendor list.

<sup>6</sup> We invited 516 suppliers to complete the CMRT/EMRT survey and received 474 responses. The Sustainable Supply Chain Working Group continuously monitors response rates to drive future enhancements through more active supplier engagement and communication.

<sup>7</sup> Suppliers who fail to obtain RMAP certification must either expedite their certification process or be removed from the approved supplier list.

# Sustainability

Targets and Commitments	Current Progress
<i>Talent Management</i>	
Achieve 35 hours of average annual training time per employee (including white-collar and blue-collar workers) by 2030	28 hours of average annual training time per employee in 2025  89 training programs available at the updated internal training platform
Achieve a minimum of 25% female representation in management positions (CEO-2) by 2030	11% of female representative at the Company's CEO-2 level of management in 2025 <sup>8</sup>  CFO was honoured with the Best CFO award in 2025, reflecting our dedication to empowering women in leadership position
<i>Carbon Neutrality</i>	
By 2028, the Group aims to obtain certification and approval for its greenhouse gas emission reduction targets under the Science Based Targets initiative (SBTi)	<ul style="list-style-type: none"> <li>Develop and improve the Scope 2 emissions reduction roadmap</li> <li>Improve Scope 3 data quality</li> <li>Co-developed and conducted the factory carbon management training program with RESET Carbon</li> </ul>
By 2030, reduce Scope 2 greenhouse gas emissions at the Group level by 10% compared to a 2023 baseline	
Explore the opportunity to be in line with China's carbon peak by 2030, carbon neutrality by 2060, and the EU's net-zero goal by 2050	
<i>Energy Efficiency</i>	
<ul style="list-style-type: none"> <li>By 2030, plan to deploy comprehensive energy efficiency initiatives to all production facilities in China and Vietnam</li> <li>By 2026, 5 key operational sites will complete required energy efficiency projects in response to clients' requirements</li> </ul>	<ul style="list-style-type: none"> <li>Conducted energy efficiency assessment</li> <li>Develop an implementation plan to prioritise energy efficiency initiatives</li> </ul>
<i>Renewable Energy</i>	
60% of the Group's factories install solar panels by 2030	<ul style="list-style-type: none"> <li>35% of the Group's factories (11 sites) have solar capacity</li> <li>6 factories operate entirely on renewable energy<sup>9</sup></li> <li>Formulate a renewable energy strategy through both self-generation and PPAs</li> <li>Pursue 100% renewable energy target, driven by responding to clients' decarbonisation requirements</li> </ul>

<sup>8</sup> The Group has improved data accuracy this year and corrected last year data.

<sup>9</sup> For the year ended 31 December 2025, only 6 factories got verified renewable certificates

# Sustainability

Targets and Commitments	Current Progress
<i>Water Management</i>	
The Group will continuously explore the use of reclaimed water and reusable water solutions in factories	<ul style="list-style-type: none"> <li>75% reuse rate of the reclaimed water treatment facility in Kunshan every year</li> </ul>
Explore the water intensity target for factories in Vietnam and China	<ul style="list-style-type: none"> <li>Engage with applicable factories to evaluate the feasibility of meeting the target</li> </ul>
Set the target on reclaiming 80% water for Kunshan site.	<ul style="list-style-type: none"> <li>Achieve the reclaimed water reuse rate at 80%.</li> </ul>
Conduct regular water audits to identify major water pollutants for Vietnam and Nanning sites	<ul style="list-style-type: none"> <li>Conducted a water audit for the production facilities in Nanning</li> </ul>
<i>Waste Management</i>	
<ul style="list-style-type: none"> <li>Ensure 100% of factories treat hazardous waste in compliance with regulations</li> <li>Achieve zero incidents of accidental pollution</li> </ul>	<ul style="list-style-type: none"> <li>Zero incidents of accidental pollution or hazardous waste leakage</li> </ul>

## SUSTAINABILITY GOVERNANCE

Built on a two-tier governance structure, the Group has strengthened its oversight of sustainability- and climate-related matters from the Board to project teams through regular meeting and reporting mechanisms. We actively monitor the ESG and regulatory compliance, with zero instances of non-compliance with relevant legal and regulatory requirements throughout 2025. We have established targets across the Group and its manufacturing sites to pursue continuous improvement and demonstrate our long-term commitment to sustainability. The Group governs its operations and value chains through a wide range of robust and well-structured policies, which are regularly reviewed.

The Group is also proactively preparing to meet a growing range of diversified sustainability reporting standards, including the HKEX and the European Union’s Corporate Sustainability Reporting Directive (“CSRD”).

## OPERATIONAL EXCELLENCE

### Business Ethics

Alignment with the Responsible Business Alliance (RBA) standard is a key priority for the Group. In 2025, 19% of our factories have undergone RBA audits, and one factory has been awarded the RBA Silver Certificate. With the Group aiming to expand RBA certification to more sites, additional key factory sites are currently in the preparation stage, working towards meeting the audit requirements.

### Focus on Products and Customers

Guided by a product- and customer-oriented business philosophy, the Group has enhanced its market presence through active participation in industry events and sharing sessions, where we have received valuable market recognition. Our products now integrate sustainability elements alongside robust quality assurance procedures. Moving forward, the Group will continue its efforts to accelerate product revitalisation.

The Group maintains continuous engagement with its customers and conducts regular satisfaction surveys to understand their needs. These insights form the foundation for ongoing product innovation and improvement.

# Sustainability

## Supply Chain Management

The SWG is responsible for overseeing supply chain-related matters and fostering cross-business unit collaboration in execution. Our key focus in 2025 was to develop a comprehensive supply chain management roadmap with clear short- to medium-term targets and action items.

Our approach to conflict minerals and chemicals goes beyond regulatory compliance. We have strengthened our internal management processes by requiring our suppliers to conduct supply chain due diligence and submit declarations to demonstrate that they can meet stringent requirements set by our customers and regulatory standards, such as the Universal Declaration of Human Rights and the International Labour Organisation's Core Conventions.

## TALENT MANAGEMENT

With the Talent Management Committee to oversee HR-related activities like policy formulation, high-end talent management and cadre evaluation, we safeguard the rights and interest of our employees. In addition, campus recruitment continues to serve as a core strategy for talent acquisition and succession planning. To support operational efficiency, we have utilised the "AAC Technologies People" talent platform to centralise data and enhance operational convenience. Following the further upgrade of our training platforms, employees will have enhanced access to programmes that enhance their competitiveness and industry expertise. We also actively collaborate with strategic clients to deliver targeted training to our employees.

## MANAGING ENVIRONMENTAL IMPACTS

Recognising climate change as a material topic for our stakeholders, the Group conducted an initial climate risk assessment in 2024, laying a structured foundation for subsequent actions. Our current focus involves assessing the financial implications across our three key factory sites by gathering information on their present status, exposure to climate impacts, and the effectiveness of mitigation measures already implemented. We presented the results at SWG meetings, informing future capital allocation decisions and directing investments toward climate risk mitigation.

This year, the Group has focused on reducing carbon emissions and enhancing energy efficiency through data-driven analysis. We have also begun reporting our full Scope 3 emissions profile and continue to improve data quality throughout the collection and analysis process.

The Group has made significant progress on key environmental priorities this year. Looking ahead, we remain fully committed to driving continuous improvement and achieving the targets we have set, including the expansion of renewable energy application and the implementation of upgrade and retrofitting projects.

# Independent Auditor's Report

# Deloitte.

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## TO THE SHAREHOLDERS OF AAC TECHNOLOGIES HOLDINGS INC.

瑞聲科技控股有限公司  
(incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of AAC Technologies Holdings Inc. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 107 to 195 which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("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") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

### Key audit matter

### How our audit addressed the key audit matters

#### *Estimated allowance for inventories*

We identified the estimated allowance for certain inventories (the "Relevant Inventories", which is excluding those inventories under customers' orders that with a short turnover period and/or supported by pre-determined price) as a key audit matter due to the use of judgement and estimates by the management in estimating the allowance of inventories.

The management determines the allowance for inventories with reference to the ageing analysis and the estimated net realisable value for obsolete and/or slow-moving inventory items identified that are no longer suitable for use in operation at the end of each reporting period (refer to notes 4 and 23 to the consolidated financial statements).

As at 31 December 2025, the carrying amount of the Relevant Inventories, net of allowance, was RMB4,531,796,000. During the year, the Group recognised an allowance for the Relevant Inventories of RMB102,859,000 included in cost of goods sold. Details of the Group's inventories are set out in note 23 to the consolidated financial statements.

Our procedures in relation to estimated allowance for the Relevant Inventories included:

- Obtaining an understanding on management process and control in identifying obsolete and/or slow-moving inventories items and how management estimates the allowance of obsolete and/or slow-moving inventory items;
- Evaluating the reasonableness of the allowance for inventories with reference to the ageing analysis and/or latest/subsequent selling and purchase prices of the inventories; and
- Testing latest sales/usage of inventories and/or purchase of materials on a sample basis.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment and maintain professional skepticism 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.

# Independent Auditor's Report

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is CHUNG, Chin Cheung (practising certificate number: P06524).

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
19 March 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	<b>31,816,988</b>	27,328,304
Cost of goods sold		<b>(24,801,248)</b>	(21,286,405)
Gross profit		<b>7,015,740</b>	6,041,899
Other income and other expenses	7	<b>442,012</b>	410,979
Other gains and losses	8	<b>250,770</b>	(82,817)
Share of results of an associate		<b>419</b>	(59)
Distribution and selling expenses		<b>(754,467)</b>	(670,248)
Administrative expenses		<b>(1,361,106)</b>	(1,270,097)
Research and development costs		<b>(2,311,454)</b>	(2,022,001)
Finance costs	6	<b>(395,156)</b>	(417,160)
Profit before taxation	9	<b>2,886,758</b>	1,990,496
Taxation	11	<b>(347,459)</b>	(226,935)
Profit for the year		<b>2,539,299</b>	1,763,561
Profit (loss) for the year attributable to non-controlling interests		<b>27,321</b>	(33,669)
Profit for the year attributable to owners of the Company		<b>2,511,978</b>	1,797,230
Earnings per share			
– Basic	13	<b>RMB2.18</b>	RMB1.53
– Diluted	13	<b>RMB2.18</b>	RMB1.53

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	<b>2,539,299</b>	1,763,561
Other comprehensive income:		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>11,263</b>	152,171
Remeasurement to defined benefit obligations	<b>(418)</b>	(1,952)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on derivative financial instruments	<b>1,695</b>	(78,724)
Net loss (gain) reclassified to profit or loss on hedged items	<b>71,379</b>	(2,273)
Exchange differences arising on translation of foreign operations	<b>(10,587)</b>	40,591
Total comprehensive income for the year	<b>2,612,631</b>	1,873,374
Total comprehensive income (expense) attributable to:		
Owners of the Company	<b>2,579,257</b>	1,908,522
Non-controlling interests	<b>33,374</b>	(35,148)
	<b>2,612,631</b>	1,873,374

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	14	18,329,097	17,884,356
Right-of-use assets	15	2,203,363	2,044,533
Goodwill	16	2,282,612	2,093,389
Deposits made for acquisition of property, plant and equipment		252,560	267,592
Investment properties	17	281,601	267,474
Interest in an associate	18	3,389	2,973
Equity instruments at FVTOCI	19	645,587	598,414
Financial assets at fair value through profit and loss ("FVTPL")	20	650,327	449,662
Intangible assets	21	1,639,064	1,705,925
Deferred tax assets	33	431,839	414,107
Contract costs		55,953	68,343
Derivative financial instruments	22	770	1,494
		<b>26,776,162</b>	<b>25,798,262</b>
<b>Current assets</b>			
Inventories	23	4,531,796	3,937,805
Trade and other receivables	24	8,982,099	9,370,703
Amounts due from related companies	25	2,660	2,725
Taxation recoverable		54,925	44,046
Derivative financial instruments	22	5,554	2,661
Pledged bank deposits	26	13,000	524
Restricted bank deposits	26	–	5,000
Cash and cash equivalents	26	8,612,298	7,538,204
		<b>22,202,332</b>	<b>20,901,668</b>
<b>Current liabilities</b>			
Trade and other payables	27	11,682,169	9,557,816
Contract liabilities	27	105,257	62,674
Amounts due to related companies	25	61,845	52,746
Taxation payable		173,200	251,640
Bank loans	29	382,922	1,727,966
Unsecured notes	30	1,617,075	–
Government grants	32	46,566	71,527
Lease liabilities	28	514,098	488,572
Derivative financial instruments	22	2,200	95,015
Gross obligation liabilities	34	–	574,920
Contingent consideration payables	35	–	1,260,837
Contingent settlement provision	31	268,250	259,370
		<b>14,853,582</b>	<b>14,403,083</b>
Net current assets		<b>7,348,750</b>	<b>6,498,585</b>
Total assets less current liabilities		<b>34,124,912</b>	<b>32,296,847</b>

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Bank loans	29	5,592,169	3,883,107
Unsecured notes	30	2,024,672	3,720,540
Government grants	32	465,194	480,590
Lease liabilities	28	699,375	634,446
Deferred tax liabilities	33	391,288	370,383
Derivative financial instruments	22	1,303	28,070
Defined benefit obligations		7,544	10,183
Other payables	27	–	52,649
		<b>9,181,545</b>	9,179,968
<b>Net assets</b>			
		<b>24,943,367</b>	23,116,879
<b>Capital and reserves</b>			
Share capital	34	97,321	97,321
Reserves		24,259,511	22,657,151
<b>Equity attributable to owners of the Company</b>			
		<b>24,356,832</b>	22,754,472
<b>Non-controlling interests</b>			
		<b>586,535</b>	362,407
<b>Total equity</b>			
		<b>24,943,367</b>	23,116,879

The consolidated financial statements on pages 107 to 195 were approved and authorised for issue by the Board of Directors on 19 March 2026 and are signed on its behalf by:

**PAN BENJAMIN ZHENGMIN**  
DIRECTOR

**MOK JOE KUEN RICHARD**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company													Non-controlling interests	Total
	Share capital	Treasury shares	Special reserve	Capital reserve	Translation reserve	Investment revaluation reserve	Non-distributable reserve	Share-based payments reserve	PRC statutory reserve	Hedging reserve	Other reserve	Retained profits	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	97,321	(481,419)	1,135	23,391	(467,731)	(482,686)	87,245	60,716	2,018,984	8,129	-	21,016,367	21,881,452	489,817	22,371,269
Exchange differences arising from translation of foreign operations	-	-	-	-	42,858	-	-	-	-	-	-	-	42,858	(2,267)	40,591
Fair value changes on equity instruments at FVTOCI	-	-	-	-	-	151,383	-	-	-	-	-	-	151,383	788	152,171
Fair value changes on derivative financial instruments	-	-	-	-	-	-	-	-	(78,724)	-	-	-	(78,724)	-	(78,724)
Gain reclassified to profit or loss on hedged item	-	-	-	-	-	-	-	-	(2,273)	-	-	-	(2,273)	-	(2,273)
Remeasurement to defined benefit obligations	-	-	-	-	-	-	-	-	-	-	-	(1,952)	(1,952)	-	(1,952)
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	1,797,230	1,797,230	(33,669)	1,763,561
Total comprehensive income (expense) for the year	-	-	-	-	42,858	151,383	-	-	-	(80,997)	-	1,795,278	1,908,522	(35,148)	1,873,374
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	17,391	-	-	-	-	17,391	-	17,391
Shares vested under share award scheme	-	70,794	-	-	-	-	-	(38,558)	-	-	-	(32,236)	-	-	-
Share-based payment reserves under the Subsidiary Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,452)	(22,452)
Gross obligation liabilities for share buy-back program (note 34)	-	-	-	-	-	-	-	-	-	-	(718,405)	-	(718,405)	-	(718,405)
Purchase of shares (notes 34 and 36)	-	(133,159)	-	-	-	-	-	-	-	-	73,493	-	(59,666)	-	(59,666)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	(108,932)	(108,932)	-	(108,932)
Return capital to non-controlling interests of a subsidiary (note 31)	-	-	-	-	-	-	-	-	-	-	-	(165,890)	(165,890)	(69,810)	(235,700)
Disposal of equity instrument at FVTOCI	-	-	-	-	-	497,041	-	-	-	-	-	(497,041)	-	-	-
Transfers	-	-	-	-	-	-	-	-	131,623	-	-	(131,623)	-	-	-
At 31 December 2024	97,321	(543,784)	1,135	23,391	(424,873)	165,738	87,245	39,549	2,150,607	(72,868)	(644,912)	21,875,923	22,754,472	362,407	23,116,879
Exchange differences arising from translation of foreign operations	-	-	-	-	(14,728)	-	-	-	-	(206)	-	-	(14,934)	4,347	(10,587)
Fair value changes on equity instruments at FVTOCI	-	-	-	-	-	9,557	-	-	-	-	-	-	9,557	1,706	11,263
Fair value changes on derivative financial instruments	-	-	-	-	-	-	-	-	-	1,695	-	-	1,695	-	1,695
Loss reclassified to profit or loss on hedged item	-	-	-	-	-	-	-	-	-	71,379	-	-	71,379	-	71,379
Remeasurement to defined benefit obligations	-	-	-	-	-	-	-	-	-	-	-	(418)	(418)	-	(418)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	2,511,978	2,511,978	27,321	2,539,299
Total comprehensive (expense) income for the year	-	-	-	-	(14,728)	9,557	-	-	-	72,868	-	2,511,560	2,579,257	33,374	2,612,631
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	49,345	-	-	-	-	49,345	-	49,345
Shares vested under share award scheme	-	68,705	-	-	-	-	-	(37,420)	-	-	-	(31,285)	-	-	-
Share-based payment reserves under the Subsidiary Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,923)	(32,923)
Gross obligation liabilities for share buy-back program (note 34)	-	-	-	-	-	-	-	-	-	-	644,912	-	644,912	-	644,912
Purchase of shares (notes 34 and 36)	-	(1,024,538)	-	-	-	-	-	-	-	-	-	-	(1,024,538)	-	(1,024,538)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	(258,410)	(258,410)	-	(258,410)
Return capital to non-controlling interests of a subsidiary (note 31)	-	-	-	-	-	-	-	-	-	-	-	(388,206)	(388,206)	(127,768)	(515,974)
Acquisition of subsidiaries (note 35)	-	-	-	-	-	-	-	-	-	-	-	-	-	351,445	351,445
Transfers	-	-	-	-	-	-	-	-	194,236	-	-	(194,236)	-	-	-
At 31 December 2025	97,321	(1,499,617)	1,135	23,391	(439,601)	175,295	87,245	51,474	2,344,843	-	-	23,515,346	24,356,832	586,535	24,943,367

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

The People's Republic of China (the "PRC") statutory reserve are non-distributable and the transfer to these reserves is determined by the board of directors of subsidiaries established in the PRC in accordance with the Articles of Association of the subsidiaries. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries of the Company and the allocation basis are decided by their board of directors annually. The PRC statutory reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the Group's reorganisation in preparation for the listing of the Company's shares.

The capital reserve relates to a deemed capital contribution from a shareholder in prior years.

The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries of the Company in prior years.

The other reserve of the Group arose from the gross obligation liabilities for share buy-back program in the current year as detailed in note 34.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Operating activities		
Profit before taxation	2,886,758	1,990,496
Adjustments for:		
Interest income	(193,065)	(198,258)
Finance costs	395,156	417,160
Depreciation of property, plant and equipment	2,504,820	2,608,695
Depreciation of right-of-use assets	189,391	225,939
Amortisation of intangible assets	327,769	301,216
Depreciation of investment property	20,249	9,874
(Gain) loss on disposal/write-off of property, plant and equipment	(8,635)	35,471
Gain on termination of leases	(1,983)	(1,027)
Fair value loss on financial assets at FVTPL	761	21,075
Fair value (gain) loss on derivative financial instruments, net	(3,361)	25,847
Change in fair value of contingent consideration payables	(319,517)	23,846
Amortisation of government grants	(122,472)	(143,833)
Share-based payments expenses	16,422	(5,061)
Share of results of an associate	(419)	59
Allowance for impairment loss on trade receivables	233	196
Allowance for inventories, net	102,859	158,680
Operating cash flows before movements in working capital	5,794,966	5,470,375
Increase in inventories	(410,442)	(582,215)
Decrease (increase) in trade and other receivables	761,032	(1,903,440)
Decrease (increase) in contract costs	12,390	(22,914)
Decrease in amounts due from related companies	65	7,167
Increase in trade and other payables	1,442,418	2,528,219
Increase in amounts due to related companies	9,099	20,423
Increase (decrease) in contract liabilities	42,583	(11,015)
Cash generated from operations	7,652,111	5,506,600
Taxation paid	(469,097)	(303,848)
Net cash from operating activities	7,183,014	5,202,752

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>Investing activities</b>			
Net cash outflow on acquisition of subsidiaries	35	(1,355,881)	(1,472,801)
Acquisition of property, plant and equipment		(1,966,611)	(1,542,739)
Deposits paid for acquisition of property, plant and equipment		(614,763)	(528,210)
Additions to intangible assets		(100,547)	(139,089)
Payments for right-of-use assets		–	(59,256)
Acquisition of financial assets at FVTPL		(215,110)	(50,965)
Placement of short-term fixed deposits		(71,586)	(21,379)
Withdrawal of short-term fixed deposits		71,586	21,379
Placement of pledged bank deposits		(12,800)	(9,054)
Withdrawal of pledged bank deposits		4,324	23,731
Payments for rental deposits		(1,272)	(699)
Interest received		177,319	186,536
Government grants received relating to acquisitions of non-current assets		82,119	89,538
Proceeds from disposal of property, plant and equipment		53,690	11,523
Proceeds from derecognition of right-of-use assets		21,509	–
Capital return from equity instruments at FVTOCI		4,302	5,246
Acquisition of equity instruments at FVTOCI		(32,839)	–
Withdrawal of restricted bank deposits		5,000	1,207
<b>Net cash used in investing activities</b>		<b>(3,951,560)</b>	<b>(3,485,032)</b>
<b>Financing activities</b>			
Repayments of bank loans		(4,709,746)	(3,585,534)
Bank loans raised		4,985,496	5,550,959
Repayment of unsecured notes		–	(1,989,879)
Interest paid		(382,391)	(370,891)
Return of capital contributions from non-controlling interests of a subsidiary	31	(515,974)	(235,700)
Net payment regarding to shares repurchased	34	(954,546)	(203,151)
Repayment of lease liabilities		(217,199)	(114,368)
Dividend paid		(263,755)	(103,584)
Payment to derivative financial instruments		(62,706)	(16,679)
Receipt from derivative financial instruments		14,127	48,789
Net payments for the Subsidiary Scheme	36	(729)	(4,782)
<b>Net cash used in financing activities</b>		<b>(2,107,423)</b>	<b>(1,024,820)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,124,031</b>	<b>692,900</b>
Cash and cash equivalents at 1 January		7,538,204	6,824,525
Effect of foreign exchange rate changes		(49,937)	20,779
<b>Represented by:</b>			
Cash and cash equivalents at 31 December		8,612,298	7,538,204

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL

AAC Technologies Holdings Inc. (“the Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 44.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards as issued by the IASB for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the Directors of the Company anticipate that the application of all amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

### New and amendments to IFRS Accounting Standards in issue but not yet effective (continued)

#### IFRS 18 “Presentation and Disclosure in Financial Statements” (“IFRS 18”)

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Prior year disclosures have been represented to conform with current year presentation for certain line items.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3.2 Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Basis of consolidation (continued)**

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

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

#### ***Changes in the Group's interests in existing subsidiaries***

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant component of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity (retained profits) and attributed to owners of the Company.

#### **Business combinations or asset acquisitions**

##### ***Business combinations***

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" ("IAS 37") or IFRIC Interpretation 21 "Levies" ("IFRIC-Int 21"), in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Business combinations or asset acquisitions (continued)

##### *Business combinations (continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits” respectively;
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 “Leases”) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

#### Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in notes 5 and 27.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Leases

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

#### *The Group as a lessee*

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

The lease payments include fixed payments (including in-substance fixed payments).

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

#### **Government grants**

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

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

##### ***Equity-settled share-based payment transactions***

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

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

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

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

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

Freehold land is not depreciated and is measured at cost, less any recognised impairment loss.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly.

When the Group makes payments for a property interest which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is presented for as "right-of-use assets" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Property, plant and equipment (continued)

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

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

#### Goodwill

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Intangible assets

##### *Intangible assets acquired separately*

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

##### *Internally generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, an internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill)**

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### **Inventories**

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

#### **Contingent liabilities**

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

#### **Financial instruments**

##### ***Financial assets***

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### *Classification and subsequent measurement of financial assets*

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

#### *Classification and subsequent measurement of financial assets (continued)*

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income and other expenses” line item in profit or loss.

(iii) Financial assets at FVTPL

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Financial instruments (continued)

##### **Financial assets (continued)**

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

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

##### **Financial liabilities and equity**

###### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

###### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which IFRS 3 applies.

###### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables, unsecured notes, bank loans, amounts due to related companies, gross obligation liabilities, contingent settlement provision and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

##### **Contingent settlement provision arising from a contract to repay capital from non-controlling interests**

The gross financial liability arising from a contract to repay capital from non-controlling interests is recognised when contractual obligation (including potential obligation arising on the occurrence or non-occurrence of future events) to repurchase the shares in a subsidiary is established. The contingent settlement provision on the consolidated statement of financial position is initially recognised and measured at present value of the estimated capital repayment amount with the corresponding debit to equity. Subsequent to initial recognition, the adjustments arising from remeasurement of the present value of the such gross obligation under the contract to the non-controlling shareholders is recognised in profit or loss.

##### **Hedge accounting**

The Group designates certain derivatives as hedging instruments for cash flow hedges. At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Material accounting policy information (continued)

#### Financial instruments (continued)

##### *Hedge accounting (continued)*

##### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

##### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

##### *Discontinuation of hedge accounting*

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions are ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following estimations that have significant effect on the amounts recognised in the consolidated financial statements. The following is the key assumptions concerning the future, and other key sources of estimations uncertainty at the end of the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Estimated allowance for inventories

Management reviews the inventory ageing analysis at the end of each reporting period, and makes allowance for obsolete and/or slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value are based on the most reliable evidence including the ageing analysis and/or latest/subsequent selling and purchase prices of the inventories. Where the net realisable value is less than the cost, a material impairment may arise. As at 31 December 2025, the carrying amounts of inventories that involve key estimation uncertainty (representing the inventories of the Group as detailed in note 23 and excluding those inventories under customers' orders that with a short turnover period and/or supported by the pre-determined price) (the "Relevant Inventories") was RMB4,041,073,000 (2024: RMB3,407,278,000) and allowance for inventories of RMB102,859,000 (2024: allowance for inventories of RMB158,680,000) was recognised in the profit or loss during the year ended 31 December 2025.

### Deferred tax asset

As at 31 December 2025, a deferred tax asset of RMB295,968,000 (2024: RMB285,272,000) in relation to unused tax losses for certain operating subsidiaries has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB6,870,827,000 (2024: RMB7,678,237,000) for the remaining subsidiaries due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

## 5. REVENUE AND SEGMENT INFORMATION

Operating and reportable segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's key operating decision makers in order to allocate resources to the segment and to assess its performance.

Information reported to the key operating decision makers for the purposes of resource allocation and assessment of performances focuses specifically on the type of products sold. This is also the basis upon which the Group is organised and managed.

The Group's operating and reportable segments under IFRS 8 "Operating Segments" are acoustics products, electromagnetic drives and precision mechanics, optics products, automotive & consumer acoustics products, sensor and semiconductor products and other products, which represent the major types of products manufactured and sold by the Group. Revenues from these products is recognised at the point in time when controls of the products had transferred.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (continued)

All sales contracts terms and the performance obligations of goods and services provided by the Group are for periods of one year or less. As permitted under IFRS 15 "Revenue from Contracts with Customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

Information regarding these segments is presented below.

An analysis of the Group's revenue and results by operating and reportable segments is as follows:

	2025 RMB'000	2024 RMB'000 (restated)
<b>Operating and reportable segments</b>		
Segment revenue – recognised at a point in time		
Acoustics products	8,352,153	8,213,816
Electromagnetic drives and precision mechanics	11,773,748	9,709,775
Optics products	5,725,278	4,999,937
Automotive & consumer acoustics products*	4,116,896	3,547,099
Sensor and semiconductor products	1,570,833	773,377
Other products*	278,080	84,300
Revenue	<b>31,816,988</b>	27,328,304
Segment results		
Acoustics products	2,308,325	2,479,431
Electromagnetic drives and precision mechanics	2,881,993	2,258,615
Optics products	657,798	322,535
Automotive & consumer acoustics products*	978,863	878,796
Sensor and semiconductor products	216,789	121,030
Other products*	(28,028)	(18,508)
Total profit for operating and reportable segments	<b>7,015,740</b>	6,041,899
Unallocated amounts:		
Other income and other expenses	442,012	410,979
Other gains and losses	250,770	(82,817)
Share of results of an associate	419	(59)
Distribution and selling expenses	(754,467)	(670,248)
Administrative expenses	(1,361,106)	(1,270,097)
Research and development costs	(2,311,454)	(2,022,001)
Finance costs	(395,156)	(417,160)
Profit before taxation	<b>2,886,758</b>	1,990,496

\* The amounts included revenue and result of the Group's automotive & consumer acoustics products business commenced in prior years and the amounts in the prior year included in the other products are represented to align with the current year presentation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit (loss) earned by each segment without allocation of other income, other expenses, other gains and losses, share of results of an associate, distribution and selling expenses, administrative expenses, research and development costs and finance costs. This is the measure reported to the key operating decision makers for the purpose of resource allocation and performance assessment.

The key operating decision makers make decisions according to operating results of each segment. The Group analysed its assets and liabilities and other financial information at group level. Therefore, only segments revenue and segments results are presented. Amortisation and depreciation charges related to assets employed by different segments are presented to the key operating decision makers for review.

Amortisation and depreciation included in measure of segment results are as follows:

	2025 RMB'000	2024 RMB'000
Acoustics products	1,033,311	1,108,702
Electromagnetic drives and precision mechanics	705,883	663,565
Optics products	518,832	554,121
Automotive & consumer acoustics products	166,956	80,241
Sensor and semiconductor products	36,091	57,729
Other products	3,632	8,993
Amounts included in cost of inventories	2,464,705	2,473,351
Unallocated portion	577,524	672,373
	<b>3,042,229</b>	<b>3,145,724</b>

### Geographical information

Information about the Group's revenue from external customers is presented based on the location of end customers.

	2025 RMB'000	2024 RMB'000
Greater China*	16,315,733	14,507,142
Other foreign countries:		
America**	12,615,186	10,017,645
Other Asian countries	1,789,408	1,618,398
Europe	1,081,153	1,175,275
Others	15,508	9,844
	<b>31,816,988</b>	<b>27,328,304</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Geographical information (continued)

Information about the Group's non-current assets<sup>#</sup> is presented based on the geographical location of the assets.

	2025 RMB'000	2024 RMB'000
Greater China*	19,066,869	18,214,443
Europe	3,951,620	4,001,872
Other foreign countries <sup>^</sup>	2,029,150	2,118,270
	<b>25,047,639</b>	<b>24,334,585</b>

\* Greater China comprises the Mainland China, Hong Kong Special Administrative Region and Taiwan. Majority of the revenue from Greater China were derived from the Mainland China.

\*\* America sales mainly include the sales to end customers based in United States. Sales related to the United States customers are primarily shipped directly to the designated delivery place of the relevant customers or their outsourcing factories located in China, Vietnam, Thailand and India, instead of direct export to the United States.

<sup>^</sup> The amounts of non-current assets in America and other Asian countries does not exceed 10% of the Group's total non-currents assets and amounts are included in "Other foreign countries".

<sup>#</sup> Non-current assets excluded financial instruments and deferred tax assets.

The geographical information of the Group's revenue from external end customer by individual countries in America, Europe and other Asian countries are not disclosed. Management considers the disclosure of revenue by individual countries to be commercially sensitive.

During the year, the aggregate amount of revenue derived from the Group's top customers which individually has contributed to over 10% of the Group's revenue and included in all of the Group's segments, 3 customers contributed revenue amounted to RMB18,822,329,000 (2024: 3 customers contributed revenue amounted to RMB15,173,018,000).

## 6. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank loans	224,880	176,525
Interest on unsecured notes	124,834	197,916
Interest on lease liabilities	36,562	33,839
Interest on contingent settlement provision	8,880	8,880
	<b>395,156</b>	<b>417,160</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. OTHER INCOME AND OTHER EXPENSES

Other income mainly comprises of:

	2025 RMB'000	2024 RMB'000
Government grants (Note)	217,517	206,216
Interest income	193,065	198,258
Rental income	6,718	10,930

Note: Included in the amount is RMB122,472,000 (2024: RMB143,833,000) representing the amortisation of government grants as detailed in note 32. The remaining amount mainly represents the incentives granted by the PRC local authorities to the Group for engaging in high technology business, employment of expatriates and technologically advanced staff. All the grants were approved during the year of recognition with no unfulfilled conditions/contingencies.

## 8. OTHER GAINS AND LOSSES

Other gains and losses mainly comprise of:

	2025 RMB'000	2024 RMB'000
Gain (loss) on disposal/write-off of property, plant and equipment	8,635	(35,471)
Loss on changes in fair value of financial assets at FVTPL	(761)	(21,075)
Gain (loss) from changes in fair value of derivative financial instruments, net	3,361	(25,847)
Changes in fair value of contingent consideration payables	319,517	(23,846)
Gain on termination of leases	1,983	1,027
Exchange (loss) gain	(68,046)	22,395

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. PROFIT BEFORE TAXATION

	2025 RMB'000	2024 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments (Note 10)	10,549	10,492
Other staff's retirement benefits scheme contributions	870,289	739,968
Other staff costs	6,103,811	5,399,918
Total staff costs (Note a)	6,984,649	6,150,378
Depreciation of property, plant and equipment	2,504,820	2,608,695
Depreciation of right-of-use assets	214,518	251,066
Total depreciation (Note b)	2,719,338	2,859,761
Depreciation of right-of-use assets capitalised in qualifying assets	(25,127)	(25,127)
	2,694,211	2,834,634
Allowance for inventories net, included in cost of goods sold	102,859	158,680
Allowance for impairment loss on trade receivables	233	196
Amortisation of intangible assets (Note c)	327,769	301,216
Auditor's remuneration	4,465	4,070
Cost of inventories recognised as expense	24,698,389	21,127,725
Cost of raw materials included in research and development costs	126,301	118,445
Depreciation of investment property	20,249	9,874
Short-term and low value asset leases expense	122,713	88,475

Notes:

- (a) Staff costs of RMB1,526,675,000 (2024: RMB1,410,066,000) had been included in research and development costs.
- (b) Depreciation of RMB300,446,000 (2024: RMB292,916,000) had been included in research and development costs.
- (c) Included in the amortisation of intangible assets, RMB165,948,000 (2024: RMB181,539,000) had been capitalised in inventories while the remaining balances had been included in research and development costs, distribution and selling expenses, and administrative expenses, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The aggregate Directors' and chief executive's remuneration for the year ended 31 December 2025 amounts to RMB10,549,000 (2024: RMB10,492,000), disclosed pursuant to the applicable Listing Rules and CO, are as follows:

**For the year ended 31 December 2025:**

	<b>Pan Benjamin Zhengmin ("Mr. Pan") RMB'000</b>	<b>Mok Joe Kuen Richard RMB'000</b>	<b>Total RMB'000</b>
<b>Executive Directors</b>			
Fees	–	52	52
Other emoluments:			
Salaries and other benefits	4,995	2,541	7,536
Share-based compensation	–	(1,685)	(1,685)
Bonuses	–	992	992
Retirement benefits scheme contributions	–	17	17
Total Directors' emoluments	<b>4,995</b>	<b>1,917</b>	<b>6,912</b>

Mr. Pan is also the Chief Executive Officer ("CEO") of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.

The executive Directors' emoluments shown above were for their services in connection with the affairs of the Company and the Group.

	<b>Wu Ingrid Chun Yuan ("Ms. Wu") RMB'000</b>	<b>Total RMB'000</b>
<b>Non-executive Director</b>		
Fees	498	498
Other emoluments:		
Salaries and other benefits	–	–
Bonuses	–	–
Retirement benefits scheme contributions	–	–
Total Director's emolument	<b>498</b>	<b>498</b>

The non-executive Director's emolument shown above was for her services as Director of the Company.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

For the year ended 31 December 2025: (continued)

	Kwok Lam Kwong Larry RMB'000	Peng Zhiyuan RMB'000	Zhang Hongjiang RMB'000	Total RMB'000
<b>Independent non-executive Directors</b>				
Fees	936	787	1,416	3,139
Other emoluments:				
Salaries and other benefits	-	-	-	-
Bonuses	-	-	-	-
Retirement benefits scheme contributions	-	-	-	-
Total Directors' emoluments	936	787	1,416	3,139

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

An executive Director was granted share of the Group and Restricted Shares (as defined in note 36) in respect of his service to the Group under the 2016 Scheme (as defined in note 36) and Subsidiary Scheme (as defined in note 36) respectively in prior years. The Group recorded the net reversal of share-based payment expense of RMB1,685,000 (2024: reversal of RMB1,037,000), and included in share-based payment above.

For the year ended 31 December 2024:

	Mr. Pan RMB'000	Mok Joe Kuen Richard RMB'000	Total RMB'000
<b>Executive Directors</b>			
Fees	-	-	-
Other emoluments:			
Salaries and other benefits	4,672	2,355	7,027
Share-based compensation	-	(1,037)	(1,037)
Bonuses	-	1,007	1,007
Retirement benefits scheme contributions	-	16	16
Total Directors' emoluments	4,672	2,341	7,013

Mr. Pan is also the CEO of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.

The executive Directors' emoluments shown above were for their services in connection with the affairs of the Company and the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

For the year ended 31 December 2024: (continued)

	Ms. Wu RMB'000	Total RMB'000
<b>Non-executive Director</b>		
Fees	453	453
Other emoluments:		
Salaries and other benefits	–	–
Bonuses	–	–
Retirement benefits scheme contributions	–	–
	<hr/>	<hr/>
Total Director's emolument	453	453

The non-executive Director's emolument shown above was for her services as Director of the Company.

	Kwok Lam Kwong Larry RMB'000	Peng Zhiyuan RMB'000	Zhang Hongjiang RMB'000	Total RMB'000
<b>Independent non-executive Directors</b>				
Fees	898	743	1,385	3,026
Other emoluments:				
Salaries and other benefits	–	–	–	–
Bonuses	–	–	–	–
Retirement benefits scheme contributions	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total Directors' emoluments	898	743	1,385	3,026

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### Employees' emoluments

The five highest paid individuals included one (2024: one) Director of the Company, details of whose emoluments are set out above. The emoluments of the remaining four (2024: four) highest paid individuals are as follows:

	2025 RMB'000	2024 RMB'000
Employees		
– basic salaries and allowances	13,636	10,302
– share-based compensation	3,178	1,329
– bonus	6,534	10,953
– retirement benefits scheme contributions	498	362
	<b>23,846</b>	22,946

Note: The bonus is mainly determined based on performance of the employees.

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

	Number of employees	
	2025	2024
HK\$5,000,001 to HK\$5,500,000	1	1
HK\$5,500,001 to HK\$6,000,000	1	1
HK\$6,500,001 to HK\$7,000,000	1	1
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$8,000,001 to HK\$8,500,000	1	–

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year. No emoluments were paid by the Group to the Directors of the Company and/or five highest paid individuals as an inducement to join or as compensation for loss of office.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. TAXATION

	2025 RMB'000	2024 RMB'000
The current tax charge comprises:		
PRC Enterprise Income Tax	201,852	220,722
Singapore	98,587	90,478
Vietnam	21,274	33,469
Europe	10,031	22,654
Other jurisdictions	16,239	13,608
Income tax under Pillar Two Rules	11,443	14,500
PRC and overseas withholding tax	5,641	22,728
Under provision in respect of prior years	13,416	3,937
	<b>378,483</b>	422,096
Deferred tax (see note 33)	<b>(31,024)</b>	(195,161)
	<b>347,459</b>	226,935

Under the law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%, for both years, unless the group entities entitle to other preferential tax treatment granted by the relevant PRC tax authority.

In addition, certain PRC subsidiaries were officially endorsed as High and New Technology Enterprises ("HNTE") till the date ranging from 2025 to 2027 (2024: 2024 to 2026). Pursuant to the EIT Law, those PRC subsidiaries endorsed as HNTE shall be entitled to a preferential tax rate of 15% till the expiry of the HNTE status for the respective PRC subsidiaries.

Pursuant to relevant laws and regulations in Singapore, one of the Group's subsidiaries is entitled to a concessionary tax rate under Development and Expansion Incentive program which is granted based on the fulfilment of carrying out qualifying business activities. This incentive program is effective from 1 January 2019 for 10-year period.

Taxation in Europe mainly represents the corporate income tax calculated at the rate of 25% on the estimated assessable profits of the subsidiaries of the Company which was incorporated in Belgium.

Pursuant to the relevant laws and regulation in Vietnam, one of the Group's subsidiaries is entitled to concessionary tax rate which is granted based on the fulfilment of carrying qualifying business activities. This tax holiday for the Vietnamese subsidiary will expire in 2027.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The PRC and overseas dividend withholding tax is calculated at the applicable rate in accordance with the relevant laws and regulations in the respective jurisdictions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. TAXATION (continued)

### OECD pillar two model rules

The Group is subject to the global minimum top-up tax Pillar Two Rules. The top-up tax relates to the Group's operation in Vietnam, where the annual effective income tax rate is estimated to be below 15%. Therefore, a top-up tax is accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. The Group has recognised a current tax expense of RMB11,443,000 related to the top-up tax for the year ended 31 December 2025 which is expected to be levied on Vietnam subsidiaries.

The Group has applied the temporary mandatory exception from recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

The charge for the year can be reconciled to the profit before taxation as follows:

	2025 RMB'000	2024 RMB'000
Profit before taxation	<b>2,886,758</b>	1,990,496
Tax at the applicable income tax rate (Note a)	<b>721,690</b>	497,624
Tax effect of income not taxable for tax purpose	<b>(131,197)</b>	(73,906)
Tax effect of expenses not deductible for tax purpose	<b>47,545</b>	55,862
Tax effect of tax holiday and concession	<b>(114,048)</b>	(123,399)
Tax effect of tax losses not recognised	<b>228,457</b>	350,514
Tax effect of deductible temporary differences not recognised	<b>10,199</b>	35,311
Utilisation of tax losses previously not recognised	<b>(130,285)</b>	(300,250)
Effect of super deduction for research and development cost (Note b)	<b>(230,689)</b>	(196,359)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(77,965)</b>	(75,985)
Under provision in respect of prior years	<b>13,416</b>	3,937
PRC and overseas withholding tax	<b>5,641</b>	22,728
Top-up tax under Pillar Two Rules	<b>11,443</b>	14,500
Others	<b>(6,748)</b>	16,358
Tax charge for the year	<b>347,459</b>	226,935

Notes:

- (a) The PRC EIT rate of 25% (2024: 25%) is the domestic tax rate in the jurisdiction where the operations of the Group are substantially based.
- (b) In March 2021, the Ministry of Finance and the State Administration of Taxation released No. 13 announcement of 2021 named "Announcement on Further Improving the Policy on Pre-tax Deduction of Research and Development Expenses", according to which certain PRC subsidiaries engaged in manufacturing industry are entitled to an additional 100% tax deduction on eligible research and development expenses incurred by them for both years ended 31 December 2024 and 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends recognised as distribution during the year:		
2024 final dividend of HK\$0.24 (2023: HK\$0.10) per ordinary share	<b>258,410</b>	108,932

Subsequent to the end of the reporting period, a final dividend of HK\$0.35 (2024: HK\$0.24) per share has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

## 13. EARNINGS PER SHARE

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

	2025 RMB'000	2024 RMB'000
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	<b>2,511,978</b>	1,797,230
	<b>2025 '000</b>	2024 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share (Note)	<b>1,154,306</b>	1,172,677
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share awards granted by the Company	<b>602</b>	3,216
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,154,908</b>	1,175,893

Note: The weighted average number of ordinary shares has been calculated taking into account the shares repurchased by the Group or held by the 2016 Trustee and 2023 Trustee (as defined in note 36) under share award scheme.

The computation of diluted earnings per shares for both years ended 31 December 2025 and 2024 did not assume the effect of contingent settlement provision as the Directors consider the effect is anti-dilutive.

In addition, the computation of diluted earnings per share for the year ended 31 December 2024 did not assume the effect arising from the unvested restricted shares granted by a subsidiary as set out in note 36 as the exercise would result in an increase in earnings per share.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Electronic equipment and furniture RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>								
At 1 January 2024	37,796	3,303,655	2,216,036	3,042,958	67,760	24,032,481	3,508,260	36,208,946
Currency realignment	(2,484)	(7,063)	(2,043)	(5,485)	(168)	(24,367)	(1,010)	(42,620)
Additions	828	27,133	7,765	25,246	993	45,836	2,084,585	2,192,386
Acquisition of subsidiaries (note 35)	3,864	12,169	54,402	24,211	2,773	260,454	82,475	440,348
Transfer to investment properties	-	(229,837)	-	-	-	-	-	(229,837)
Disposals/write-off	-	-	(46,363)	(7,052)	(3,112)	(188,917)	(2,472)	(247,916)
Transfers	-	183,784	119,631	72,419	7,437	1,134,136	(1,517,407)	-
At 31 December 2024	<b>40,004</b>	<b>3,289,841</b>	<b>2,349,428</b>	<b>3,152,297</b>	<b>75,683</b>	<b>25,259,623</b>	<b>4,154,431</b>	<b>38,321,307</b>
Currency realignment	224	(9,704)	(2,545)	19,800	(278)	4,255	(1,247)	10,505
Additions	-	(15,690)	10,736	29,240	1,646	161,694	2,686,644	2,874,270
Acquisition of subsidiaries (note 35)	-	54,850	33,839	4,821	2,346	21,483	7,825	125,164
Transfer to investment properties	-	(74,674)	-	-	-	-	-	(74,674)
Disposals/write-off	-	(6,957)	(20,135)	(2,389)	(4,451)	(204,026)	(14,046)	(252,004)
Transfers	-	333,106	174,878	72,069	6,871	1,985,850	(2,572,774)	-
At 31 December 2025	<b>40,228</b>	<b>3,570,772</b>	<b>2,546,201</b>	<b>3,275,838</b>	<b>81,817</b>	<b>27,228,879</b>	<b>4,260,833</b>	<b>41,004,568</b>
<b>DEPRECIATION AND IMPAIRMENT</b>								
At 1 January 2024	-	1,023,460	1,812,180	2,223,860	47,248	13,029,256	2,587	18,138,591
Currency realignment	-	(2,322)	(2,786)	(705)	(108)	(12,087)	-	(18,008)
Provided for the year	-	154,775	146,879	307,155	6,660	1,993,226	-	2,608,695
Transfer to investment properties	-	(91,405)	-	-	-	-	-	(91,405)
Eliminated on disposal/write-off	-	-	(41,699)	(5,914)	(2,795)	(150,514)	-	(200,922)
At 31 December 2024	-	<b>1,084,508</b>	<b>1,914,574</b>	<b>2,524,396</b>	<b>51,005</b>	<b>14,859,881</b>	<b>2,587</b>	<b>20,436,951</b>
Currency realignment	-	(2,195)	(4,603)	1,799	(235)	(13,819)	-	(19,053)
Provided for the year	-	151,180	110,656	216,753	6,973	2,019,258	-	2,504,820
Transfer to investment properties	-	(40,298)	-	-	-	-	-	(40,298)
Eliminated on disposal/write-off	-	(6,403)	(18,064)	(1,260)	(1,888)	(178,241)	(1,093)	(206,949)
At 31 December 2025	-	<b>1,186,792</b>	<b>2,002,563</b>	<b>2,741,688</b>	<b>55,855</b>	<b>16,687,079</b>	<b>1,494</b>	<b>22,675,471</b>
<b>CARRYING VALUES</b>								
At 31 December 2025	<b>40,228</b>	<b>2,383,980</b>	<b>543,638</b>	<b>534,150</b>	<b>25,962</b>	<b>10,541,800</b>	<b>4,259,339</b>	<b>18,329,097</b>
At 31 December 2024	40,004	2,205,333	434,854	627,901	24,678	10,399,742	4,151,844	17,884,356

The above items of property, plant and equipment, except for freehold land and construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over the following number of years:

Buildings	20
Electronic equipment and furniture	3 – 5
Leasehold improvements	5 years or over the term of lease, whichever is shorter
Motor vehicles	5
Plant and machinery	5 – 10

Majority of the Group's buildings are situated in the PRC on land, as included in right-of-use assets, which is held under medium-term land use rights.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (continued)

### Impairment assessment

During the year ended 31 December 2025 and 2024, the management of the Group concluded there was no indication for impairment.

## 15. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Buildings RMB'000	Cars and machineries RMB'000	Total RMB'000
<b>As at 31 December 2025</b>				
Carrying amount	1,315,474	855,042	32,847	2,203,363
<b>As at 31 December 2024</b>				
Carrying amount	1,295,400	719,164	29,969	2,044,533
<b>For the year ended 31 December 2025</b>				
Depreciation charge	42,418	160,150	11,950	214,518
Capitalised in construction in progress	(25,127)	–	–	(25,127)
	17,291	160,150	11,950	189,391
<b>For the year ended 31 December 2024</b>				
Depreciation charge	41,506	199,686	9,874	251,066
Capitalised in construction in progress	(25,127)	–	–	(25,127)
	16,379	199,686	9,874	225,939
		<b>2025</b>		2024
		<b>RMB'000</b>		RMB'000
Expense relating to short-term leases		121,768		87,570
Expense relating to leases of low-value assets, excluding short-term leases of low value assets		945		905
Total cash outflow for leases		376,474		289,624
Additions to right-of-use assets		323,505		206,112
Acquisition of subsidiaries (note 35)		110,225		316,112

For both years, the Group leases various leasehold land, buildings and cars and machineries for its operations. Lease contracts are entered into for fixed term of 1 year to 44 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. RIGHT-OF-USE ASSETS (continued)

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

As at 31 December 2025 and 2024, the Group has obtained the land use right certificates for all leasehold lands.

The Group regularly entered into short-term leases for certain building premises and machineries, etc. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

During the year, the Group entered into new lease agreements for the use of leasehold land, buildings and machineries from 1 year to 16 years (2024: 2 years to 44 years). On the lease commencement, the Group recognised right-of-use asset of RMB323,505,000 and lease liabilities of RMB322,233,000 (2024: right-of-use asset of RMB146,856,000 and lease liabilities of RMB146,157,000). Except for the payment made on the acquisition of leasehold land of RMB59,256,000 during the year ended 31 December 2024, the recognition of the remaining newly added right-of-use assets constitutes non-cash transactions.

During the year ended 31 December 2025, the Group sold the leasehold land with the carrying amount of RMB20,301,000 at a consideration of RMB21,509,000, and a gain on derecognition of right-of-use assets of RMB1,208,000 is recognised in profit or loss (2024: Nil). During the year ended 31 December 2024, leasehold land of RMB11,340,000 was transferred to investment properties upon the end of owner-occupation.

During the year ended 31 December 2025, the Group early terminated certain leases which constitutes lease modification. As a result, the Group has derecognised right-of-use assets of RMB55,096,000 (2024: RMB8,888,000) and lease liabilities of RMB55,871,000 (2024: RMB9,915,000), and a gain of lease termination of RMB775,000 (2024: RMB1,027,000) was recognised in profit or loss.

### Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of RMB1,159,749,000 are recognised with related right-of-use assets of RMB887,889,000 (2024: lease liabilities of RMB1,011,437,000 are recognised with related right-of-use assets of RMB749,133,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. GOODWILL

The goodwill acquired in business combination was allocated to each individual subsidiary which management considers represent separate CGUs. At the end of the reporting period, the carrying amount of goodwill had arisen from the acquisition of the following subsidiaries:

	Kaleido Technology APS RMB'000	PSS Group RMB'000	AAC Technologies Irvine, Inc. RMB'000	Xuanyingtong electronics Co., Ltd.* RMB'000	(TRM Manufactory (Kunshan) Co. Ltd.* RMB'000	Precision Auto Parts Co., Ltd) RMB'000	PSG Group** RMB'000	Total RMB'000
<b>COST AND CARRYING VALUES</b>								
At 1 January 2024	8,705	-	77,414	78,231	55,996	55,019	-	275,365
Acquisition of subsidiaries (note 35)	-	1,818,024	-	-	-	-	-	1,818,024
At 31 December 2024	8,705	1,818,024	77,414	78,231	55,996	55,019	-	2,093,389
Acquisition of subsidiaries (note 35)	-	-	-	-	-	-	151,039	189,223
At 31 December 2025	8,705	1,818,024	77,414	78,231	55,996	55,019	151,039	2,282,612

\* The English translation is for identification purpose only.

\*\* Xianfeng Technology (Shanghai) Co., Ltd. ("PSG") and its subsidiaries ("PSG Group").

During the year ended 31 December 2025, the Directors of the Company determines that there is no impairment of the CGUs containing goodwill.

The basis of the recoverable amounts of the CGUs and its major underlying assumptions are summarised below:

The recoverable amount of each of the CGUs is determined on the basis of value in use calculation. The recoverable amount is based on certain key assumptions. These calculations use cash flow projections based on latest financial budgets approved by management covering a five-year period, using an applicable pre-tax discount rate ranging from 12.11% to 20.00% (2024: 12.76% to 21.24%). The cash flows beyond the five-year period are extrapolated using a steady growth rate of 2.5% to 5% (2024: 2.5%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development. Management believes that reasonable change in any of these assumptions would not result in significant impairment loss. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in both years due to uncertainty on the volatility in financial markets, including potential disruptions of the Group's operations.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INVESTMENT PROPERTIES

	RMB'000
<b>CARRYING VALUES</b>	
At 1 January 2024	127,576
Transfer from property, plant and equipment	138,432
Transfer from right-of-use assets	11,340
Depreciation during the year	(9,874)
At 31 December 2024	<b>267,474</b>
Transfer from property, plant and equipment	<b>34,376</b>
Depreciation during the year	<b>(20,249)</b>
At 31 December 2025	<b>281,601</b>

## 18. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment in an associate	<b>5,389</b>	5,389
Share of post-acquisition loss	<b>(2,001)</b>	(2,420)
Exchange adjustments	<b>1</b>	4
	<b>3,389</b>	2,973

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2025	2024	2025	2024	
A. H. Motorlab ("A.H. Motor")	Japan	Japan	<b>49.998%</b>	49.998%	<b>49.998%</b>	49.998%	Design and development, prototyping and evaluation of various motors and inverters

The Group holds 49.998% of the issued share capital of A.H. Motor. By considering that the Group has no sufficiently dominant voting rights to direct relevant activities unilaterally, the Directors of the Company consider that the Group only has significant influence over A.H. Motor only and therefore it is classified as an associate of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. EQUITY INSTRUMENTS AT FVTOCI

	2025 RMB'000	2024 RMB'000
Unlisted shares	614,785	566,990
Listed shares	30,802	31,424
	<b>645,587</b>	598,414

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

### *Unlisted shares*

The unlisted equity investments represent the Group's equity interest in private entities. The equity instruments comprise of equity interests in companies which engaged in:

- (i) producing semiconductor components in integrated circuits and development of intellectual properties;
- (ii) research, development and manufacturing of sensor and semiconductor business;
- (iii) solid state Light Detection And Ranging ("LiDAR") sensor for automotive series use; and
- (iv) research, development, manufacturing and marketing of electronic equipment in the field of high-end audio.

During the year ended 31 December 2025, the Group (i) made addition contribution for certain equity interests in a private entity engaged in research, development, manufacturing and marketing of electronic equipment in the field of high-end audio at a consideration of Euro2,250,000 (equivalent to approximately RMB17,839,000); (ii) invested in a private entity engaged in Superior Audio PA Solution at the aggregate considerations of RMB15,000,000 and (iii) acquired an equity investment in a private entity engaged in 1 October 2025 amounted to RMB7,393,000 through the acquisition of PSG Group (Note 35).

During the year ended 31 December 2024, the Group received return on capital from a private entity engaged in research, development and manufacturing of sensor and semiconductor business amounted to United States dollars ("US\$")739,000 (equivalent to approximately RMB5,246,000). In addition, the Group entered into the agreement to exit from a private entity engaged in research, development and manufacturing of sensor and semiconductor business at a consideration of US\$642,000 (equivalent to approximately RMB4,618,000) and the amount is included in other receivables.

### *Listed shares*

The amount represents the Group's investment in a company listed in Japan. As at 31 December 2025, the fair value of the investment determined by reference to the quoted market bid prices available was RMB30,802,000 (2024: RMB31,424,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Convertible loans	127,464	51,264
Unlisted shares/funds	522,863	398,398
	<b>650,327</b>	449,662

The financial assets at FVTPL represent the Group's investment in:

- (i) a private equity fund primarily investing in industry-leading technology companies, mainly in Germany, German speaking countries and regions, the Nordic countries and the Greater China, as well as other technologically-advanced regions with strong growth potential ("Fund A");
- (ii) a private equity fund primarily investing in private entities in sensor and semiconductor business ("Fund B");
- (iii) preferred shares investment in two private entities in sensor and semiconductor business;
- (iv) a preferred shares investment in a private entity in automotive business;
- (v) a private entity in augmented reality displays manufacturing business;
- (vi) a private entity in research and development, design, and sales of chips; and
- (vii) a private entity in research and development of miniature laser projection display technology for AR applications.

During the year ended 31 December 2025, the Group invested in a private entity engaged in research and development, design, and sales of chips at a consideration of RMB20,000,000 and a private entity engaged in research and development of miniature laser projection display technology for AR applications at a consideration of Euro300,000 (equivalent to approximately RMB2,447,000). In addition, the Group (i) made addition contribution of US\$14,226,000 (equivalent to approximately RMB102,306,000) and GBP634,000 (equivalent to approximately RMB6,050,000) to the private equity funds mentioned above and (ii) further subscribed the convertible loan amounted to Euro10,400,000 (equivalent to approximately RMB84,307,000) issued by a private entity.

During the year ended 31 December 2024, the Group invested in private entities engaged in sensor and semiconductor business at a consideration of Euro4,039,000 (equivalent to approximately RMB31,161,000).

As the convertible loan contains derivative feature for the holder to convert the outstanding amount into equity interest of the issuer, it is accounted for as financial assets at FVTPL.

The above investments are classified as financial assets at FVTPL and presented under non-current assets as they are not held for trading, instead, they are held for long-term strategic purpose. During the year ended 31 December 2025, the loss in fair value of the financial assets at FVTPL of RMB761,000 was recognised in profit or loss (2024: RMB21,075,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. INTANGIBLE ASSETS

	Patents RMB'000	Technology RMB'000	Development expenditure RMB'000	Customer base RMB'000	Total RMB'000
<b>COST</b>					
At 1 January 2024	524,523	–	549,876	113,800	1,188,199
Currency realignment	5,339	–	528	710	6,577
Addition	–	–	114,103	3,010	117,113
Acquisition of subsidiaries (note 35)	–	266,396	63,658	968,971	1,299,025
At 31 December 2024	<b>529,862</b>	<b>266,396</b>	<b>728,165</b>	<b>1,086,491</b>	<b>2,610,914</b>
Currency realignment	(8,061)	–	1,588	557	(5,916)
Addition	7,029	–	84,116	–	91,145
Acquisition of subsidiaries (note 35)	4,782	–	–	164,563	169,345
At 31 December 2025	<b>533,612</b>	<b>266,396</b>	<b>813,869</b>	<b>1,251,611</b>	<b>2,865,488</b>
<b>AMORTISATION AND IMPAIRMENT</b>					
At 1 January 2024	253,159	–	282,405	64,012	599,576
Currency realignment	2,262	–	1,241	694	4,197
Provided for the year	48,949	13,959	181,539	56,769	301,216
At 31 December 2024	<b>304,370</b>	<b>13,959</b>	<b>465,185</b>	<b>121,475</b>	<b>904,989</b>
Currency realignment	(4,821)	–	(1,804)	291	(6,334)
Provided for the year	80,706	15,670	165,948	65,445	327,769
At 31 December 2025	<b>380,255</b>	<b>29,629</b>	<b>629,329</b>	<b>187,211</b>	<b>1,226,424</b>
<b>CARRYING VALUE</b>					
At 31 December 2025	<b>153,357</b>	<b>236,767</b>	<b>184,540</b>	<b>1,064,400</b>	<b>1,639,064</b>
At 31 December 2024	225,492	252,437	262,980	965,016	1,705,925

Patents represent the Group's patents on designs of small and sophisticated module structures and patent for production of optics and acoustic products. Development expenditure represents the Group's development cost in acoustics technology, sensor and semiconductor business technology and wafer-level glass moulding technology which are used to enhance the Group's current products. Customer base represents Group's customer relationship acquired by the Group as part of a business combination in 2018, 2024 and 2025. Technology represents Group's technology acquired by acquisition of a subsidiary in 2024.

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Patents	3 – 20 years
Development expenditure	2 – 10 years
Customer base	10 – 20 years
Technology	17 years

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

	Current		Non-current	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Derivatives financial assets</b>				
Foreign currency forward contracts not under hedge accounting	5,554	2,661	770	1,494
	5,554	2,661	770	1,494
<b>Derivatives financial liabilities</b>				
Foreign currency forward contracts	2,200	93,489	1,303	28,070
Interest rate swap contracts	–	1,526	–	–
	2,200	95,015	1,303	28,070

The management considers the following hedging instruments are highly effective hedging instrument and has designated them as cash flow hedging instrument for hedge accounting purposes:

- Foreign currency forward contracts to minimise its exposure to fluctuations in foreign currency denominated forecast sales to the Group.
- Interest rate swap contracts to minimise its exposure to cash flow changes of its floating-rate bank loans.

### Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The major terms of the outstanding derivative contracts under cash flow hedges are as follows:

#### At 31 December 2025

##### Foreign currency forward contracts – cash flow hedges

Notional amount	Range of maturity	Forward contract rate	Exchange frequency
Euro667,000	31 January 2026 to 31 December 2026	Euro1 to HUF415 – HUF430.9	Monthly
US\$1,500,000	31 January 2026 to 31 December 2027	US\$1 to MXN18 – MXN19	Monthly

#### At 31 December 2024

##### Foreign currency forward contracts – cash flow hedges

Notional amount	Range of maturity	Forward contract rate	Exchange frequency
US\$286,000,000	31 January 2025 to 31 December 2025	US\$1 to RMB7 – RMB7.05	Monthly

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

At 31 December 2024 (continued)

### Interest rate swap contracts – cash flow hedges

Notional amount	Range of maturity	Trade date	Interest rate		Maturity frequency
			Pay	Receive	
Euro11,064,000	9 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually
Euro14,752,000	9 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually
Euro11,064,000	10 November 2025	14 December 2022	2.8125%	EURIBOR	Semi-annually

Gains and losses recognised in the hedging reserve in equity on the foreign currency forward contracts and the interest rate swap contracts will be continuously released to the profit or loss until completing the relevant transactions or the repayment of the relevant borrowings.

The above derivatives are measured at fair value. The classification of the fair value measurement of the above derivatives at 31 December 2025 and 2024 are Level 2 under the fair value hierarchy (details set out in note 40).

### Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group has entered into foreign currency forward contracts and interest rate swap contracts that are covered by the International Swaps and Derivatives Association Master Agreements (“ISDA Agreements”) signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right to set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the amounts involved in master netting arrangements are not significant.

## 23. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	885,377	741,384
Work in progress	1,410,293	1,037,319
Finished goods	2,236,126	2,159,102
	<b>4,531,796</b>	3,937,805

The Group has written off allowance for inventories of RMB158,352,000 (2024: RMB87,256,000) in the current year.

During the year, allowance for inventories of approximately RMB102,859,000 (2024: allowance for inventories of approximately RMB158,680,000) has been recognised on the Relevant Inventories that are subject to key estimation uncertainty as detailed in note 4, and included in cost of goods sold.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	6,558,749	7,656,089
Bank acceptance and commercial bills	260,782	82,776
	<b>6,819,531</b>	7,738,865
Prepayments	543,956	333,575
Value-added tax recoverable	984,340	780,607
Other receivables	630,269	513,303
Loan and interest receivables*	4,003	4,353
	<b>8,982,099</b>	9,370,703

\* Loans of RMB4,000,000 (2024: RMB4,347,000) made to certain suppliers of the Group, which are unsecured, and carry interest rates at 1% (2024: 1%) per annum. The amounts are repayable in 1 year.

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB5,362,051,000.

The following is an analysis of trade receivables and bank acceptance and commercial bills net of allowance for credit losses presented based on the invoice dates or notes issued dates at the end of the reporting period, which approximate the respective revenue recognition dates.

	2025 RMB'000	2024 RMB'000
Age		
0 – 90 days	6,673,566	7,571,489
91 – 180 days	139,075	152,849
Over 180 days	6,890	14,527
	<b>6,819,531</b>	7,738,865

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 days to 120 days of issuance. The Group accepts bank acceptance and commercial bills with maturities ranging from 30 to 180 days at the end of the credit terms in lieu of immediate cash payment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB108,820,000 (2024: RMB138,132,000) which are past due as at the reporting date. Included in the past due balances, RMB7,137,000 (2024: RMB4,152,000) has been past due 90 days or more.

Details of impairment assessment of trade and other receivables for the years ended 31 December 2025 and 2024 are set out in note 39.

The Group's trade receivables and bank acceptance and commercial bills which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
US\$	543,842	332,302
Euro	16,066	–

## 25. AMOUNTS DUE FROM (TO) RELATED COMPANIES

*Amounts due from related companies*

Details of the amounts due from related companies, in which close family members of Ms. Wu and Mr. Pan have controlling interests, are as follows:

Name of related companies	2025 RMB'000	2024 RMB'000
四川茵地樂材料科技集團有限公司 (Sichuan Yindile Materials & Technology Group Co., Ltd.)*	602	602
迅成(深圳)管理有限公司 (Xuncheng (Shenzhen) Management Co., Ltd.)*	388	400
常州遠宇精密模具製造有限公司 (Changzhou Yuanyu Precise Model Manufacturing Co., Ltd.)*	52	52
深圳市之光實業發展有限公司 (Shenzhen Zhiguang Industrial Development Co., Ltd.)*	1,019	1,041
瑞知(深圳)科技有限責任公司 (Ruizhi (Shenzhen) Technology Co., Ltd.)*	599	630
	<b>2,660</b>	<b>2,725</b>

\* The English translation is for identification purpose only.

Amounts were trade-related, unsecured and interest-free. The average credit period for trade-related transaction is normally within 30 days to 90 days.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. AMOUNTS DUE FROM (TO) RELATED COMPANIES (continued)

*Amounts due to related companies*

Details of amounts due to related companies, in which close family members of Ms. Wu and Mr. Pan have controlling interests, are as follows:

Name of related companies	2025 RMB'000	2024 RMB'000
常州凌迪電子科技有限公司 (Changzhou Lingdi Electronic Technology Co., Ltd.)*	32,648	27,358
常州市武進湖塘何家紅光沖件廠 (Wujin Hutang Hejia Hongguang Stamping Factory)*	19	19
常州市友晟電子有限公司 (Changzhou Yousheng Electronics Co., Ltd.)*	25,883	23,486
紅光越南塑業有限公司 (Hongguang Viet Nam Plastic Co., Ltd.)*	2,191	1,572
四川茵地樂科技有限公司 (Sichuan Yindile Technology Co., Ltd.)*	311	311
深圳市之光實業發展有限公司 (Shenzhen Zhiguang Industrial Development Co., Ltd.)*	573	–
迅成(深圳)管理有限公司 (Xuncheng (Shenzhen) Management Co., Ltd.)*	220	–
	<b>61,845</b>	<b>52,746</b>

\* The English translation is for identification purpose only.

Amounts were trade-related, unsecured and interest-free. The average credit period for trade-related transaction is normally within 30 days to 90 days.

## 26. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.00% to 4.41% (2024: 0.00% to 4.50%).

Deposits amounting to RMB13,000,000 (2024: RMB524,000) with carrying fixed interest rate from 0.00% to 0.05% (2024: fixed interest rate: from 0.00% to 0.05%) have been pledged to secure banking facilities granted to the Group and therefore classified as current assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND RESTRICTED BANK DEPOSITS (continued)

The Group's cash and cash equivalents, pledged bank deposits and restricted bank deposits which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
US\$	2,212,665	1,470,640
HK\$	13,032	19,099
Japanese Yen	8,086	4,981
Euro	56,349	56,555
Other currencies	60,928	46,451

Details of impairment assessment of bank balances, pledged bank deposits and restricted bank deposits are set out in note 39.

## 27. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

### Trade and other payables

	2025 RMB'000	2024 RMB'000
Trade payables	5,897,449	5,089,711
Notes payables – guaranteed	2,813,681	1,873,930
	<b>8,711,130</b>	6,963,641
Payroll and welfare payables	712,497	682,839
Payables for acquisition of property, plant and equipment and intangible assets	1,212,258	968,765
Other payables and accruals	988,455	936,852
Payables related to Restricted Shares (as defined in note 36) granted to employees	57,829	58,368
	<b>11,682,169</b>	9,610,465
Less: Other payables due for settlement after 12 months shown under non-current liabilities	–	(52,649)
Amounts shown under current liabilities	<b>11,682,169</b>	9,557,816

Other payables are unsecured, interest-free and have no fixed repayment terms.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (continued)

### Trade and other payables (continued)

An aged analysis of trade and notes payables, presented based on the invoice date or the note issued date, is as follows:

	2025 RMB'000	2024 RMB'000
Age		
0 – 90 days	6,700,689	5,831,250
91 – 180 days	1,949,746	1,055,865
Over 180 days	60,695	76,526
	<b>8,711,130</b>	6,963,641

The Group's trade and notes payables which are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
US\$	1,304,423	1,201,277
Japanese Yen	13,120	12,385
Euro	46,724	35,287

### Contract liabilities

	2025 RMB'000	2024 RMB'000
Contract liabilities on sales of miniaturised components and tooling	105,257	62,674

As at 1 January 2024, contract liabilities amounted to RMB15,868,000. The contract liabilities at the beginning of the year are recognised as revenue during the year.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit. For a small number of the Group's customers, the Group receives a deposit ranging from 30% to 100% on acceptance of manufacturing orders.

# Notes to the Consolidated Financial Statements

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## 28. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	514,098	488,572
Within a period of more than one year but not more than two years	199,152	160,832
Within a period of more than two years but not more than five years	325,406	291,693
Within a period of more than five years	174,817	181,921
	<b>1,213,473</b>	1,123,018
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(514,098)</b>	(488,572)
Amount due for settlement after 12 months shown under non-current liabilities	<b>699,375</b>	634,446

The lease agreements did not contain any contingent rent for lessee.

No extension options are included in all lease agreements entered by the Group. The weighted average incremental borrowing rates applied to lease liabilities is 4.08% (2024: 4.27%). These lease liabilities were measured at the present value of the lease payments that are not yet paid.

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
Euro	89,136	87,249
US\$	3,798	1,122

## 29. BANK LOANS

	2025 RMB'000	2024 RMB'000
Bank loans	5,975,091	5,611,073
Less: Amount due within one year included in current liabilities	<b>(382,922)</b>	(1,727,966)
Amount due after one year	<b>5,592,169</b>	3,883,107
The carrying amounts of the above bank loans are repayable*:		
Within one year	<b>382,922</b>	1,727,966
Within a period of more than one year but not exceeding two years	<b>1,825,165</b>	1,736,684
Within a period of more than two years but not exceeding five years	<b>3,767,004</b>	2,146,423
	<b>5,975,091</b>	5,611,073

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. BANK LOANS (continued)

The Group's bank loans denominated in currencies other than the functional currencies of the respective entities are set out below:

	2025 RMB'000	2024 RMB'000
RMB	1,697,613	3,084,463

The exposure of the Group's bank loans are as follows:

	2025 RMB'000	2024 RMB'000
Fixed-rate bank loans	2,248,513	4,558,313
Variable-rate bank loans	3,726,578	1,052,760
	5,975,091	5,611,073

The fixed-rate bank loans carry interest rate ranging from 2.34% to 4.23% per annum (2024: 2.40% to 4.23% per annum) and variable rate bank loans carry interest rate ranging from 2.30% to 3.87% per annum (2024: 2.50% to 5.05% per annum). The Company issued guarantees of RMB1,698,000,000 to respective banks to secure certain borrowings.

In respect of bank loans with carrying amount of RMB321,208,000 as at 31 December 2025 (2024: RMB416,760,000), the Group is required to comply with the financial covenants which are tested on a quarterly basis. The PSS Group is subject to regular reporting to the bank and has a covenant to adhere to which is based on the leverage of the PSS Group.

The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank loans balances as current and non-current according to the scheduled repayment dates set out in the loan agreements.

## 30. UNSECURED NOTES

### Unsecured notes issued in 2021

In 2021, the Group issued unsecured notes of US\$300,000,000 due on 2 June 2026 at a fixed coupon rate of 2.625% per annum ("2026 Notes") and US\$350,000,000 due on 2 June 2031 at fixed coupon rate of 3.750% per annum ("2031 Notes"). The unsecured notes are listed on the Hong Kong Stock Exchange. The effective interest rates of the 2026 Notes and 2031 Notes are 2.7023% and 3.8656% respectively.

As at 31 December 2025, the principal amounts of the outstanding unsecured notes include 2026 Notes of US\$230,154,000 (2024: US\$230,154,000) with the carrying amount of RMB1,617,075,000 under current liabilities (2024: RMB1,652,309,000 under non-current liabilities) and 2031 Notes of US\$290,123,000 (2024: US\$290,123,000) with the carrying amount of RMB2,024,672,000 under non-current liabilities (2024: RMB2,068,231,000 under non-current liabilities).

During the year ended 31 December 2025 and 2024, there was no repurchase of unsecured notes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. CAPITAL CONTRIBUTIONS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY AND CONTINGENT SETTLEMENT PROVISION

In accordance with the shareholders agreements entered into between the Group and certain non-controlling interests of AAC Optics (Changzhou) Co., Ltd. ("AAC Optics"), subject to occurrence or non-occurrence of future events including the separate listing condition, those non-controlling interests were granted the rights to require the Group for capital repayment plus a premium. A contingent settlement provision has been recognised against equity as the Group has a contractual obligation to deliver cash.

According to the Company's announcement dated 26 July 2024, AAC (China) Investment Group Co., Ltd. ("AAC Investment"), an indirectly wholly owned subsidiary of the Company and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("2024 Selling Investors"), in which the 2024 Selling Investors agreed to sell a portion of their equity interest in AAC Optics to AAC Investment. The 2024 Selling Investors in aggregate sell approximately 1.408% of the equity interest in AAC Optics at the aggregate consideration of RMB235,700,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB165,890,000 is credited directly in equity and attributed to owners of the Company.

In 2025, AAC Investment and AAC Optics entered into separate share transfer agreements with certain non-controlling interests ("2025 Selling Investors") in which the 2025 Selling Investors has agreed to sell a portion of its equity interest in AAC Optics to AAC Investment. The 2025 Selling Investors has in aggregate sell approximately 2.6940% of the equity interest in AAC Optics at the aggregate consideration of RMB515,974,000. The difference between the amounts of the non-controlling interests adjusted and the consideration paid amounting to RMB388,206,000 is credited directly in equity and attributed to owners of the Company.

After the completion of the share transfer agreements in 2025 and as at 31 December 2025, AAC Optics is held (i) as to approximately 92.3636% (2024: 89.6696%) indirectly by the Company; (ii) 2% by the share incentive platforms of AAC Optics, of which 0.1374% (2024: 0.1374%) of the shares are vested but still held under the platforms; and (iii) approximately 5.6364% (2024: 8.3304%) by the 3 remaining strategic investors in aggregate.

## 32. GOVERNMENT GRANTS

During the year, the Group received government grants of RMB82,119,000 (2024: RMB89,538,000) in aggregate from various PRC government authorities as an incentive for leasing factories, constructing electronic plants and acquiring machineries. As the grants related to assets, the amount received is to be amortised and released to profit or loss on a systematic basis over the useful lives of the related assets.

During the year, RMB122,472,000 (2024: RMB143,833,000) of the grants have been released to profit or loss.

## 33. DEFERRED TAX ASSETS/LIABILITIES

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	431,839	414,107
Deferred tax liabilities	(391,288)	(370,383)
	<u>40,551</u>	<u>43,724</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. DEFERRED TAX ASSETS/LIABILITIES (continued)

The followings are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior years:

### Deferred tax assets/liabilities

	Tax losses RMB'000	Inventories RMB'000 (Note a)	Government grants RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Depreciation/ amortisation RMB'000 (Note b)	Others RMB'000	Total RMB'000
At 1 January 2024	134,708	23,816	45,230	(76,923)	77,108	(47,108)	303	157,134
Acquisition of subsidiaries	5,003	-	-	(66,460)	68,810	(327,409)	7,745	(312,311)
Credit (charge) to profit or loss	145,683	23,396	5,893	5,754	(4,759)	19,618	(424)	195,161
Credit to other comprehensive income	-	-	-	-	-	-	1,131	1,131
Currency realignment	(122)	(4)	-	1,294	(1,449)	1,327	1,563	2,609
At 31 December 2024	<b>285,272</b>	<b>47,208</b>	<b>51,123</b>	<b>(136,335)</b>	<b>139,710</b>	<b>(353,572)</b>	<b>10,318</b>	<b>43,724</b>
Acquisition of subsidiaries	<b>3,221</b>	<b>5,423</b>	-	-	<b>2,899</b>	<b>(47,697)</b>	<b>4,801</b>	<b>(31,353)</b>
Credit (charge) to profit or loss	<b>6,766</b>	<b>(993)</b>	<b>(566)</b>	<b>(44,674)</b>	<b>47,908</b>	<b>32,206</b>	<b>(9,623)</b>	<b>31,024</b>
Credit to other comprehensive income	-	-	-	-	-	-	<b>(858)</b>	<b>(858)</b>
Currency realignment	<b>709</b>	<b>(172)</b>	-	<b>(3,896)</b>	<b>959</b>	<b>(1,258)</b>	<b>1,672</b>	<b>(1,986)</b>
At 31 December 2025	<b>295,968</b>	<b>51,466</b>	<b>50,557</b>	<b>(184,905)</b>	<b>191,476</b>	<b>(370,321)</b>	<b>6,310</b>	<b>40,551</b>

Notes:

- The deductible temporary difference arising from inventories would be reversed upon sales of inventories.
- The deferred tax arose from temporary difference between the carrying amounts of intangible assets, property, plant and equipment and their tax base.

At the end of the reporting period, the Group has unused tax losses of approximately RMB8,266,556,000 (2024: RMB8,937,169,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB1,395,729,000 (2024: RMB1,258,932,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB6,870,827,000 (2024: RMB7,678,237,000) due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward for up to 5 or 10 years to various years up to 2035 (2024: year 2034) from the year when the losses are incurred.

At 31 December 2025 and 2024, the Group has unrecognised deferred tax liability in relation to PRC withholding tax on undistributed earnings in certain of its PRC subsidiaries, as it is the intention of the management to retain the earnings within these subsidiaries.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. SHARE CAPITAL

	Number of shares	Amount US\$'000
Shares of US\$0.01 each		
Authorised:		
Ordinary shares at 1 January 2024, 31 December 2024 and 31 December 2025	5,000,000,000	50,000
Issued and fully paid:		
Ordinary shares at 1 January 2024	1,203,250,000	12,033
Shares repurchased and cancelled	(4,750,000)	(48)
Ordinary shares at 31 December 2024 and 31 December 2025	1,198,500,000	11,985
		<b>RMB'000</b>
At 1 January 2024, 31 December 2024 and 31 December 2025		97,321

During the year ended 31 December 2025, the Company repurchased its own ordinary shares through independent brokers and the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of US\$0.01 each	Price per share		Aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
January	4,033,500	40.05	34.55	148,066
February	2,776,000	50.05	39.65	128,612
March	3,862,000	54.35	43.65	186,437
April	10,024,000	48.00	28.50	365,506
May	786,500	39.90	35.80	29,706
October	600,000	39.98	38.48	23,561
November	3,736,500	40.20	36.50	142,730
December	2,300,500	39.78	37.22	88,277
Total	28,119,000			1,112,895

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. SHARE CAPITAL (continued)

### Gross obligation liabilities for share buy-back program

On 16 December 2024, the Company entered into an agreement with an independent broker (the “Broker”) under which the Broker is appointed to operate the automatic share buy-back program, in which the Company has agreed parameters for the Broker to buy back up to HK\$778,000,000 of the Company’s shares on the Hong Kong Stock Exchange from the commencement date of the share buy-back program up to 16 May 2025. Since the Broker is considered as the principal of the share buy-back program and the Company has the obligation to pay the Broker for the share buy-back with a maximum amount up to HK\$778,000,000 (equivalent to approximately RMB718,405,000), the amount is initially recognised as gross obligation liabilities and the corresponding debit to other reserve. During the year ended 31 December 2025, the Company has paid HK\$623,954,000 (equivalent to approximately RMB575,530,000) to the Broker as the remaining payment to execute the share buy-back program, and 17,545,500 issued ordinary shares of the Company were repurchased under the program. The automatic share buy-back program was completed during the year ended 31 December 2025, further details of the completion of the share buy-back program were set out in the Company’s announcement dated 9 April 2025. In addition, aggregate consideration of HK\$391,145,000 (equivalent to RMB358,093,000) has paid to another independent broker to repurchase 10,573,500 shares outside the share buy-back program.

During the year ended 31 December 2025, the aggregate consideration of repurchase 28,119,000 shares amounted to HK\$1,112,895,000 (equivalent to RMB1,024,538,000), out of which HK\$75,799,000 (equivalent to RMB69,992,000) was prepaid in prior year to the Broker under the automatic share buy-back program. During the year ended 31 December 2024, the Company had paid HK\$155,388,000 (equivalent to approximately RMB143,485,000) to the Broker as the prepayment to execute the share buy-back program, out of which consideration of HK\$79,589,000 (equivalent to approximately RMB73,493,000) is paid for the repurchase of 2,130,500 issued ordinary shares of the Company.

As at 31 December 2025, the Company had treasury shares of 30,249,500 shares (2024: 2,130,500 shares), other than those held by the trustees for the share award schemes of the Company as disclosed in Note 36.

## 35. ACQUISITION OF SUBSIDIARIES

### Acquisition of Hebei First Light

In 2025, the Group acquired 53.74% interest in Hebei First Light, which principally engaged in and primarily focusing on developing automotive factory-installed electronic products, at a cash consideration of RMB288,371,000. The acquisition was completed and acquisition has been accounted for as acquisition of business using the acquisition method.

### Consideration transferred of the acquisition date

	RMB'000
Cash transferred	285,787
Other payables recognised for consideration payable	2,584
Total consideration	288,371

Note: The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of Hebei First Light (continued)

#### Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	29,918
Right-of-use assets	18,685
Intangible assets (note a)	140,445
Deferred tax assets	2,899
Pledged bank deposits	4,000
Cash and cash equivalents	44,844
Trade and other receivables	91,380
Inventories	86,923
Trade and other payables	(76,980)
Lease liabilities	(19,326)
Taxation payable	(1,404)
Deferred tax liabilities (note b)	(23,152)
Bank loans	(42,680)
Net assets	255,552

Notes:

- (a) The amounts mainly represent the fair value of customer relationship of RMB135,663,000 acquired in the acquisition of the Hebei First Light. The useful life of the intangible assets is determined by reference to the comparable market information.
- (b) The deferred tax liabilities mainly relating to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB20,349,000, which is calculated at the income tax rate of 15% since Hebei First Light was officially endorsed as HNTE.

#### Non-controlling interests

The non-controlling interests of 46.26% in Hebei First Light recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of Hebei First Light and amounted to RMB118,220,000.

#### Goodwill arising on acquisition

	RMB'000
Consideration transferred	288,371
Plus: non-controlling interests (46.26% in Hebei First Light)	118,220
Less: recognised amounts of net assets acquired	(255,552)
Goodwill arising on acquisition	151,039

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of Hebei First Light (continued)

#### Net cash outflows arising on acquisition of Hebei First Light

	RMB'000
Total consideration	288,371
Less: Cash and cash equivalents acquired	(44,844)
Other payables	(2,584)
	240,943

#### Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is RMB14,623,000 attributable to the additional business generated by Hebei First Light. Revenue for the year ended 31 December 2025 includes RMB213,703,000 generated from Hebei First Light.

Had the acquisition of Hebei First Light been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB31,914,225,000, and the profit for the year ended 31 December 2025 of the Group would have been RMB2,518,438,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Hebei First Light Group been acquired at the beginning of the year ended 31 December 2025, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

#### Acquisition of PSG Group

In 2025, the Group acquired 51% interest in PSG, which principally engaged in developing automotive & consumer acoustics products. The acquisition was completed and acquisition has been accounted for as acquisition of business using the acquisition method.

#### Consideration transferred of the acquisition date

	RMB'000
Cash transferred	140,250
Other payables recognised for consideration payable	140,250
	280,500

Note: The acquisition-related costs are insignificant and have been excluded from the consideration transferred and recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of PSG Group (continued)

#### Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	95,246
Right-of-use assets	91,540
Intangible assets (note c)	28,900
Deferred tax assets	13,651
Equity instruments at FVTOCI	7,393
Cash and cash equivalents	105,504
Trade and other receivables	141,884
Inventories	136,573
Trade and other payables	(119,769)
Taxation payable	(630)
Deferred tax liabilities (note d)	(24,751)
Net assets	475,541

Notes:

- (c) The amounts mainly represent the fair value of customer relationship of RMB28,900,000 acquired in the acquisition of the PSG Group. The useful life of the intangible assets is determined by reference to the comparable market information.
- (d) The deferred tax liabilities mainly relating to the fair value adjustment of intangible assets which deferred tax liabilities amounted to approximately RMB23,248,000, which is calculated at the income tax rate of 15% since PSG Group was officially endorsed as HNTE.

#### Non-controlling interests

The non-controlling interests in PSG Group recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net identifiable assets of PSG Group, amounted to RMB233,225,000.

#### Goodwill arising on acquisition

	RMB'000
Consideration transferred	280,500
Plus: non-controlling interests	233,225
Less: recognised amounts of net assets acquired	(475,541)
Goodwill arising on acquisition	38,184

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of PSG Group (continued)

#### Net cash outflows arising on acquisition of PSG Group

	RMB'000
Total consideration	280,500
Less: Cash and cash equivalents acquired	(105,504)
	174,996

#### Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2025 is RMB9,617,000 attributable to the additional business generated by PSG Group. Revenue for the year ended 31 December 2025 includes RMB142,593,000 generated from PSG Group.

Had the acquisition of PSG Group been completed on 1 January 2025, revenue for the year ended 31 December 2025 of the Group would have been RMB32,163,704,000, and the profit for the year ended 31 December 2025 of the Group would have been RMB2,543,312,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had PSG Group been acquired at the beginning of the year ended 31 December 2025, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

#### Acquisition of PSS Group

In 2023, the Group entered into the sale and purchase agreement pursuant to which the Group agreed to purchase all of the issued shares of the PSS Group. Pursuant to such agreement, the Group purchased the sale shares from the sellers in two tranches, with the first tranche transaction involved the purchase of 80% of the PSS Group's issued shares (the "First Tranche Transaction") and the second tranche transaction cover remaining 20% (the "Second Tranche Transaction"). The purchase price of each tranche is detailed below.

The first tranche consideration comprised of:

- (i) the First Tranche Transaction purchase price of US\$320,000,000 (equivalent to RMB2,273,252,000), representing an equity value of US\$400,000,000 for 100% of the sale shares;
- (ii) plus the interest thereon from 1 April 2023 to 9 February 2024 calculated on a daily basis at the rate of 6.75% per annum, amounting to US\$18,641,000 (equivalent to approximately RMB132,424,000);
- (iii) less the price leakage adjustment of US\$27,773,000 (equivalent to approximately RMB197,297,000).

The First Tranche Transaction was completed on 9 February 2024. After considering the terms under the sale and purchase agreement and shareholders' agreement dated 10 August 2023, the Directors of the Company considered that the Group consolidated 100% interest in the PSS Group upon the completion of the First Tranche Transaction. The Second Tranche Consideration was considered as deferred consideration and this transaction was completed on 31 July 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of PSS Group (continued)

The Second Tranche Transaction purchase price comprised the sum of: (i) an agreed multiple of the target earnings before interest, taxes, depreciation and amortisation (the “EBITDA”) plus (ii) the target adjusted net financial debt (cash) multiplied by 20% together with interest thereon from the second tranche effective date (being 1 April 2025) (or the postponed second tranche effective date, being 1 April 2026 or 1 April 2027) to the date of second tranche completion. The sellers or the Group have the right to postpone the second tranche effective date from 1 April 2025 up to two times by one year each time, that is, to 1 April 2026 or 1 April 2027. If the postponement right is exercised by one of the parties and the other party disagrees with the postponement, the Group will purchase the second tranche shares at an agreed fixed purchase price together with interest thereon (the “Second Tranche Consideration”).

At 9 February 2024, the Directors of the Company estimated the Second Tranche Purchase Price to be US\$174,128,500 (equivalent to approximately RMB1,236,991,000), determined based on the fair value of the identified assets and liabilities with reference to the valuation carried out by an independent qualified professional valuer to purchase remaining 20% of the issued shares of the PSS Group and accounted for as contingent consideration payables. As at 31 December 2024, the fair value of the contingent consideration payables was remeasured as US\$175,399,000 (equivalent to approximately RMB1,260,837,000). On 31 July 2025, the contingent consideration payables was settled in full at a total amount of US\$131,471,000 (equivalent to RMB941,320,000).

The consideration and PSS Group’s financial information represented below were as at acquisition date of 9 February 2024.

### Acquisition Consideration as at 9 February 2024

	RMB'000
First Tranche Transaction – Cash consideration at completion	1,924,223
Escrow deposit for acquisition of subsidiaries paid in 2023	<u>284,156</u>
First tranche consideration	2,208,379
Second tranche consideration – Contingent consideration payables	<u>1,236,991</u>
	<u>3,445,370</u>

Acquisition-related costs amounting to RMB37,131,000 were excluded from the consideration transferred, in which RMB6,461,000 were recognised directly as an expense during the year ended 31 December 2024, while the remaining were recognised during the year ended 31 December 2023, within the “administrative expenses” line item in the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of PSS Group (continued)

#### Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	440,348
Right-of-use assets	316,112
Intangible assets (note a)	1,299,025
Deferred tax assets	23,022
Derivative financial instruments – assets	28,396
Contract costs	45,429
Cash and cash equivalents	451,422
Trade and other receivables	788,051
Inventories	533,765
Taxation recoverable	14,779
Trade and other payables	(1,081,920)
Contract liabilities	(57,821)
Lease liabilities	(328,727)
Taxation payable	(27,575)
Deferred tax liabilities (note b)	(335,333)
Derivative financial instruments – liabilities	(9,680)
Bank loans	(464,181)
Defined benefit obligations	(7,766)
	<hr/>
Net assets	1,627,346

#### Notes:

- (a) The amounts mainly represent the fair value of customer base of RMB968,971,000 and technology of RMB266,396,000 acquired in the acquisition of the PSS Group. The useful life of the intangible assets was determined by reference to the comparable market information.
- (b) The deferred tax liabilities mainly relating to the fair value adjustment of property, plant and equipment and intangible assets which deferred tax liabilities amounted to approximately RMB321,967,000, which was calculated at the Belgium corporate income tax rate of 25%.

#### Goodwill arising on acquisition

	RMB'000
Consideration transferred	3,445,370
Less: recognised amounts of net assets acquired	(1,627,346)
	<hr/>
Goodwill arising on acquisition	1,818,024

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. ACQUISITION OF SUBSIDIARIES (continued)

### Acquisition of PSS Group (continued)

#### Net cash outflows arising on the date of acquisition of PSS Group

	RMB'000
Total consideration	3,445,370
Less: Cash and cash equivalents acquired	(451,422)
Escrow deposit for acquisition of a subsidiary	(284,156)
Contingent consideration payables	(1,236,991)
	<u>1,472,801</u>

#### Impact of acquisition on the results of the Group for the year ended 31 December 2024

Included in the profit for the year ended 31 December 2024 was RMB239,439,000 attributable to the additional business generated by the PSS Group. Revenue for the year ended 31 December 2024 included RMB3,359,569,000 generated from the PSS Group.

Had the acquisition of PSS Group been completed on 1 January 2024, revenue for the year ended 31 December 2024 of the Group (including PSS Group) would have been RMB27,615,934,000, and the profit for the year ended 31 December 2024 of the Group (including PSS Group) would have been RMB1,817,517,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had PSS Group been acquired at the beginning of the year ended 31 December 2024, the Directors of the Company calculated depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets based on their recognised amounts at the date of the acquisition.

## 36. SHARE AWARD SCHEME

### Share award scheme of the Company

#### 2016 share award scheme of the Company

The Company on 23 March 2016 had adopted the AAC Share Award Scheme (the "2016 Scheme") constituted by a Trust Deed between the Company and Bank of Communications Trustee Limited (the "2016 Trustee"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2016 Scheme, shares of the Company will be purchased on the Hong Kong Stock Exchange, by the 2016 Trustee of the trusts declared in the Trust Deed.

On the grant of the share awards, the relevant number of shares may be legally transferred to the 2016 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares.

The expenses in relation to the share awards are charged to profit or loss over the relevant vesting periods with a corresponding increase in share-based payments reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Share award scheme of the Company (continued)

#### 2016 share award scheme of the Company (continued)

On 24 March 2022, the Company granted a total of 10,230,593 shares ("Awarded Shares") to 340 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period of up to three years from the date of grant and performance targets which must be attained. Performance targets comprise a mixture of key financial performance indicators and individual targets linked to a comprehensive appraisal of each individual grantee's performance and contribution to the Group.

On 28 April 2025, for better administration of the 2016 Scheme, the Board resolved to enter into a deed of amendment to the trust deed of the 2016 Scheme (the "2016 Scheme Trust Deed") with the 2016 Trustee to amend the 2016 Scheme Trust Deed and the scheme rules under the 2016 Scheme to, amongst others, (i) remove relevant clauses for issuing or allotting new Shares to the 2016 Trustee; and (ii) allow the shares held by the 2016 Trustee, except for the outstanding Awarded Shares being held by the 2016 Trustee for the benefit of the employees under the 2016 Scheme, to be transferred to other trustee(s) of any other trust(s) constituted or to be constituted for the purpose of implementing share award scheme(s) that has been adopted and/or may be adopted by the Company at any time during or after the trust period upon written instructions by the Board to the 2016 Trustee. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2016 Scheme remain unchanged.

On 23 May 2025, the Company granted a total of 3,559,294 shares ("Awarded Shares") to 536 selected employees pursuant to the 2016 Scheme at nil consideration. The fair value of the shares granted pursuant to the 2016 Scheme were determined with reference to market value of the shares at the award date taking into account the exclusion of the expected dividends as the employees were not entitled to receive dividends paid during the vesting periods of the shares. The shares granted would be vested over a requisite service period of up to three years from the date of grant subject to the relevant key performance targets. Performance targets comprise organisation level and individual level including revenue, profit and target amount of the relevant business units, as well as projects undertaken by the functional departments and the employees' contribution to the Group's objectives.

The maximum number of shares that may be awarded under the 2016 Scheme during its term is limited to 1.65% of the issued share capital of the Company from time to time.

As at 31 December 2025, an aggregate of 12,378,531 shares (2024: 14,752,257 shares) of the Company had been purchased and held by the 2016 Trustee, in which 483,711 Awarded Shares are vested (2024: 327,574 Awarded Shares) and were still held under the 2016 Trustee. Since the date of adoption of the 2016 Scheme up to 31 December 2025, no new shares had been issued to the 2016 Trustee.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Share award scheme of the Company (continued)

#### 2016 share award scheme of the Company (continued)

Movement of the shares vested and granted to selected employee(s) under the 2016 Scheme during the years ended 31 December 2025 and 2024 are as follows:

#### For the year ended 31 December 2025

Date of grant	Vesting period	Number of shares			
		At 1 January 2025	Vested on 24 March 2025	Shares entitlement forfeited	At 31 December 2025
24 March 2022	24 March 2022 to 24 March 2025	2,613,238	(2,529,863)	(83,375)	–

Date of grant	Vesting period	Number of shares			
		At 1 January 2025	Granted on 23 May 2025	Shares entitlement forfeited	At 31 December 2025
23 May 2025	23 May 2025 to 23 May 2026	–	1,779,760	(40,562)	1,739,198
23 May 2025	23 May 2025 to 23 May 2027	–	889,840	(20,280)	869,560
23 May 2025	23 May 2025 to 23 May 2028	–	889,694	(20,276)	869,418
		–	3,559,294	(81,118)	3,478,176

#### For the year ended 31 December 2024

Date of grant	Vesting period	Number of shares			
		At 1 January 2024	Vested on 24 March 2024	Shares entitlement forfeited	At 31 December 2024
24 March 2022	24 March 2022 to 24 March 2024	2,790,916	(2,627,518)	(163,398)	–
24 March 2022	24 March 2022 to 24 March 2025	2,799,296	–	(186,058)	2,613,238
		5,590,212	(2,627,518)	(349,456)	2,613,238

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Share award scheme of the Company (continued)

#### 2016 share award scheme of the Company (continued)

The terms and conditions of the grants are as follows:

	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK\$	Fair value of shares HK\$
Shares awarded to selected employees in 2022	3,406,787	1 year from the date of grant	24 March 2022	24 March 2022 to 24 March 2023	17.64	60,095,731
	3,406,787	2 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2024	17.64	60,095,731
	3,417,019	3 years from the date of grant	24 March 2022	24 March 2022 to 24 March 2025	17.64	60,276,199
	<u>10,230,593</u>					<u>180,467,661</u>
	Number of shares	Vest condition	Date of grant	Vesting period	Market value per share HK\$	Fair value of shares HK\$
Shares awarded to selected employees in 2025	<b>1,779,760</b>	<b>1 year from the date of grant</b>	<b>23 May 2025</b>	<b>23 May 2025 to 23 May 2026</b>	<b>38.0</b>	<b>67,630,880</b>
	<b>889,840</b>	<b>2 years from the date of grant</b>	<b>23 May 2025</b>	<b>23 May 2025 to 23 May 2027</b>	<b>38.0</b>	<b>33,813,920</b>
	<b>889,694</b>	<b>3 years from the date of grant</b>	<b>23 May 2025</b>	<b>23 May 2025 to 23 May 2028</b>	<b>38.0</b>	<b>33,808,372</b>
	<u><b>3,559,294</b></u>					<u><b>135,253,172</b></u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Share award scheme of the Company (continued)

#### 2016 share award scheme of the Company (continued)

Movements of Awarded Share purchased are as follows:

	Number of shares purchased	Cost of purchase RMB'000
At 1 January 2024	17,210,645	354,369
Awarded Shares vested	(2,627,518)	(75,664)
Awarded Shares vested and held by the 2016 Trustee	169,130	4,870
At 31 December 2024	<b>14,752,257</b>	<b>283,575</b>
Awarded Shares vested	<b>(2,529,863)</b>	<b>(73,224)</b>
Awarded Shares vested and held by the 2016 Trustee	<b>156,137</b>	<b>4,519</b>
At 31 December 2025	<b>12,378,531</b>	<b>214,870</b>

At 31 December 2025, the number of shares in respect of which awards had been granted and remained outstanding under the 2016 Scheme was 3,478,176 (2024: 2,613,238), representing 0.29% (2024: 0.22%) of the shares of the Company in issue at that date.

During the year ended 31 December 2025, the Group recognised total expenses of RMB49,345,000 (2024: RMB17,391,000) in relation to the 2016 Scheme for shares granted by the Company.

#### 2023 share award scheme of the Company

The Company on 17 April 2023 had adopted the share award scheme (the "2023 Scheme") constituted by a Trust Deed between the Company and BOCI Trustee (Hong Kong) Limited (the "2023 Trustee"), in which employees may be selected by the Board of Directors to participate. Pursuant to the 2023 Scheme, shares of the Company will be subscribed for at a subscription price as determined by the Board of the Company, or purchased on the Hong Kong Stock Exchange, by the 2023 Trustee of the trusts declared in the trust deed.

On the grant of the share awards, the relevant number of shares may be legally issued or transferred to the 2023 Trustee who holds the shares for the benefit of the selected employees. A grantee shall not have any interest or rights (including the right to receive dividends) in the shares prior to the vesting of the shares. The maximum number of shares which may be awarded under the 2023 Scheme shall not exceed 45,000,000 Shares, representing approximately 3.75% of the issued shares as at its adoption date on 17 April 2023.

On 22 May 2025, for better administration of the 2023 Scheme, the Board resolved to amend the 2023 Scheme to, amongst others, (i) allow grants of the share awards to be satisfied by the issuance and allotment of new shares and/or the transfer of treasury shares; and (ii) correspondingly, bring it in line with the applicable requirements under Chapter 17 of the Listing Rules. Save for the aforementioned amendments and certain housekeeping changes, all other terms under the 2023 Scheme remain unchanged.

The expenses in relation to the share awards are charged to profit or loss over the relevant vesting periods with a corresponding increase in share-based payments reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Share award scheme of the Company (continued)

#### 2023 share award scheme of the Company (continued)

During the year ended 31 December 2025, the 2023 Trustee has not purchased shares on the Hong Kong Stock Exchange.

During the year ended 31 December 2024, the 2023 Trustee purchased an aggregate of 2,700,000 shares at price ranging from HK\$23.45 to HK\$25.00 per share at a total consideration of HK\$65,646,000 (equivalent to RMB59,666,000) on the Hong Kong Stock Exchange for the purpose of the 2023 Scheme.

As at 31 December 2025, an aggregate of 11,819,000 shares (2024: 11,819,000 shares) of the Company had been purchased and held by the 2023 Trustee. Since the adoption of 2023 Scheme up to 31 December 2025, no new shares had been issued to the 2023 Trustee.

No share awards have been granted to any employees since adoption of the 2023 Scheme.

### Subsidiary Scheme

AAC Optics, a subsidiary of the Company, entered into a capital increase agreement with three limited partnerships ("Platforms"), with the purpose to create share incentive platforms. The Subsidiary Scheme entitles selected employees of AAC Optics ("Eligible Scheme Participants") to subscribe the shares of AAC Optics, accounted for approximately 2.0% of the enlarged share capital or 135,377,918 shares of AAC Optics, corresponding to a consideration of RMB135,377,918 or at the subscription price of RMB1 per share of AAC Optics at the time of grant, which is payable at the same time. Under the Subsidiary Scheme, the Eligible Scheme Participants would settle the subscription price of shares by cash or by combination of cash and related approved loans from the Group or Platforms at market interest rate. During the year ended 31 December 2025, the net cash payment to the Eligible Scheme Participants under the Subsidiary Scheme is RMB729,000 (2024: RMB997,000).

Except for 11,163,857 shares which were granted and vested immediately in 2021, the remaining shares would be vested over a requisite service period of up to three-and-a-half year subject to the relevant key performance targets of AAC Optics during the vesting period ("Restricted Shares"). Upon the issue of new shares that are vested under the Subsidiary Scheme, the Group's interest in AAC Optics has been changed. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity (retained profits) and attributed to owners of the Company.

During the year ended 31 December 2025, the Group repurchased of 23,920,595 (2024: 22,131,333) Restricted Shares at the subscription price of RMB1 per share of AAC Optics from the Eligible Scheme Participants and no shares were granted in 2024 and 2025.

As at 31 December 2025, the consideration of repurchased share amounting to RMB57,829,000 (2024: RMB34,447,000) has not yet been repaid and is recorded as other payables, with the net cash proceed of unvested portion of Restricted Shares being nil (2024: RMB23,921,000), recorded as other payables as the shares are contingently returnable.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. SHARE AWARD SCHEME (continued)

### Subsidiary Scheme (continued)

A summary of activities of the Restricted Shares with vesting condition of the Subsidiary Scheme is presented as follows:

	Number of restricted shares	Fair value of share incentive at grant date RMB'000
Unvested as at 1 January 2024	46,051,928	77,532
Repurchased during the year	(22,131,333)	(37,260)
Unvested as at 31 December 2024	<b>23,920,595</b>	<b>40,272</b>
Repurchased during the year	<b>(23,920,595)</b>	<b>(40,272)</b>
Unvested as at 31 December 2025	–	–

As of 31 December 2025, there are 124,214,061 Unvested Restricted Shares (2024: 100,293,466 Unvested Restricted Shares) arising from the repurchased, including 1,866,630 Restricted Shares vested in prior years that repurchased during the year ended 31 December 2024 and there is no such repurchase during the year ended 31 December 2025, and held under the Platforms which are available to be granted to the eligible employees under the Subsidiary Scheme.

During the year ended 31 December 2025, the subsidiary reversed share-based payment expense of RMB32,923,000 (2024: reversed share-based payment expense of RMB22,452,000) in relation to the shares granted by the subsidiary under Subsidiary Scheme and the amount is debited (2024: debited) to the non-controlling interests in the Group.

At the end of each reporting period, the Group revises its estimates of the Restricted Shares that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to share-based payments reserve included in the non-controlling interests.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. OPERATING LEASE ARRANGEMENTS

### The Group as a lessor

The properties held for rental purposes have committed leases for the next 16 years (2024: 17 years).

Undiscounted lease payments receivable on leases are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	32,037	25,582
In the second year	34,804	32,037
In the third year	37,485	34,804
In the fourth year	35,650	37,485
In the fifth year	30,414	35,650
After five years	295,628	326,042
	<b>466,018</b>	491,600

## 38. CAPITAL COMMITMENTS

	2025 RMB'000	2024 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
– acquisition of subsidiaries (note 47)	543,543	–
– acquisition of property, plant and equipment	637,132	762,282
– capital contribution to a financial asset at FVTPL	116,500	243,343
	<b>1,297,175</b>	1,005,625

## 39. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Derivative financial instruments	6,324	4,155
Equity instruments at FVTOCI	645,587	598,414
Financial asset at FVTPL	650,327	449,662
Financial assets at amortised cost	16,081,760	15,802,974
<b>Financial liabilities</b>		
Derivative financial instruments	3,503	123,085
Contingent consideration payables	–	1,260,837
Financial liabilities at amortised cost	21,289,411	19,510,683

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, equity instruments at FVTOCI, financial asset at FVTPL, trade and other receivables, amounts due from (to) related companies, pledged bank deposits, restricted bank deposits, and cash and cash equivalents, trade and other payables, unsecured notes, bank loans, gross obligation liabilities, contingent consideration payables, contingent settlement provision and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in an effective manner. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

### Market risk

#### Currency risk – spot rates

With the Group's international operations and presence, the Group faces foreign exchange exposure including transaction and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor the Group's total foreign currency exposure. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will consider to monitor its anticipated foreign currency revenue and foreign currency monetary items with appropriate foreign exchange contracts.

The Group will not enter into derivative transactions for pure trading or speculative purposes.

The carrying amounts of the Group's and intra-group's foreign currency denominated monetary assets and monetary liabilities at the reporting date mainly includes:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
US\$	26,130,777	15,564,069	15,273,715	8,846,111
Japanese Yen	40,647	39,467	24,176	25,846
Euro	246,405	145,221	269,470	232,237
HK\$	267,195	349,115	264,687	914,088

The Group has entered into foreign currency forward contracts in relation to the foreign currency denominated transaction amounted to US\$1,500,000 and Euro667,000 (2024: US\$388,000,000). It is the Group's policy to negotiate the terms of the hedge derivatives, to the extent possible, to match or approximate the terms of the hedged items to maximise hedge effectiveness.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### Currency risk – spot rates (continued)

##### Sensitivity analysis

The Group is mainly exposed to fluctuations in exchange rates of RMB against the US\$, the Japanese Yen, Euro and HK\$. The following details the Group's sensitivity to a 5% (2024: 5%) increase in RMB against the relevant foreign currencies which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items except for the effect on certain foreign currency denominated unsecured notes under an effective hedging relationship as the Group's net exposure to currency risk arising from the hedging relationship is insignificant and adjusts their translation at the year end for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive/negative number (in bracket) below indicates an increase/decrease in profit for the year where the RMB strengthens 5% (2024: 5%) against the relevant currency and vice versa. For a 5% (2024: 5%) weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit.

	Impact	
	2025 RMB'000	2024 RMB'000
Increase (decrease) in profit for the year		
US\$	(407,140)	(251,923)
Japanese Yen	(618)	(511)
Euro	865	3,263
HK\$	(94)	21,186

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to currency risk arising from the hedging relationship is considered to be insignificant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

#### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, lease liabilities, fixed-rate bank loans, unsecured notes, contingent settlement provision and contingent consideration payables (details of which are set out in notes 26, 28, 29, 30, 31 and 35, respectively). The bank deposits and the majority of the fixed-rate bank loans will mature within three years, the management considers the risk is insignificant to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Market risk (continued)

##### Interest rate risk (continued)

The Group is also exposed to cash flow interest rate risk in relation to bank deposits carried interest at prevailing market deposit rate and floating-rate bank loans (details of which are set out in notes 26 and 29, respectively). In order to keep the Group's bank loans at fixed rates, the Group entered into interest rate swaps to hedge against its exposure to changes in cash flows for certain floating-rate bank loans. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rate on bank balances or other relevant interbank offered rates arising from the Group's RMB and Euro denominated bank loans. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the amount of variable-rate bank balances and floating-rate bank loans at the end of the reporting period was the amount outstanding for the whole year. The sensitivity analysis has excluded certain bank loans under cash flow hedges and certain bank balances which are not interest sensitive.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would increase/decrease by RMB21,069,000 (2024: increase/decrease by RMB26,426,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and the floating-rate bank loans.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

#### Other price risk

The Group is exposed to equity price risk on its investments in listed equity securities at FVTOCI.

##### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1, the sensitivity rate of 10% is applied in current year.

As at 31 December 2025, if the prices of the respective equity instruments had been 10% higher/lower, the investment revaluation reserve as at 31 December 2025 would increase/decrease by RMB3,080,000 (2024: RMB3,142,000) for the Group as a result of the changes in fair value of equity instruments at FVTOCI.

In management's opinion, the above sensitivity analysis is for illustrative purpose only and is unrepresentative of the inherent equity price risk facing by the Group as the year end exposure does not reflect the exposure during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties, is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are reputable banks or banks with high credit-ratings assigned by international credit-rating agencies.

As at 31 December 2025, the Group has concentration of credit risk on total trade and bills receivables as 58.52% (2024: 66.28%) of the total trade and bills receivables are due from the Group's five largest customers. These five customers are large multi-national corporations and are mobile phone and/or consumer electronic companies. The management considers, based on the strong financial background, good creditability and repayment history of those debtors, there are no significant credit risks.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9 "Financial Instruments" ("IFRS 9"), which permits the use of the lifetime expected loss provision for trade receivables.

Management assessed the expected loss on trade receivables with significant balances or credit-impaired balances and bill receivables individually by estimation based on historical credit loss experience, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In determining the ECL for trade receivables with significant balances and bills receivables, the management considers the probability of default is negligible and loss given default is low based on the external credit rating of the customers and the bank issued bills, and accordingly, no loss allowance is made in the consolidated financial statement.

In determining the ECL for other receivables and loan to suppliers, the management has taken into account the historical default experience and forward-looking information, as appropriate, for example, the Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding other receivables and loan to suppliers and insignificant.

In addition, the management is of the opinion that there has no default occurred for trade receivables balance as at 31 December 2025 and 2024 in which past due 90 days or more and the balances are still considered fully recoverable due to long term/on-going relationship and good repayment record from these customers.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. Other than the trade receivables with significant balances with gross carrying amount of RMB4,571,753,000 (2024: RMB5,751,897,000) and bill receivables of RMB260,783,000 (2024: RMB82,776,000), the remaining balances with gross carrying amount of RMB1,994,901,000 (2024: RMB1,907,945,000) are grouped collectively based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor. The management considers the historical default rate is low for these remaining balances which is not yet past due and accordingly, no loss allowances is made in the consolidated financial statements. The following table provides information about the exposure to credit risk and ECL for trade receivables which are past due and assessed collectively during the year.

For the year ended 31 December 2025

	Gross carrying amount RMB'000	Weighted average loss rate	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables				
1 – 90 days past due	102,596	0.9%	(913)	101,683
91 – 180 days past due	2,781	9.5%	(264)	2,517
Over 180 days past due	5,128	9.9%	(508)	4,620
	<b>110,505</b>		<b>(1,685)</b>	<b>108,820</b>

For the year ended 31 December 2024

	Gross carrying amount RMB'000	Weighted average loss rate	Loss allowance RMB'000	Net carrying amount RMB'000
Trade receivables				
1 – 90 days past due	134,219	0.2%	(239)	133,980
91 – 180 days past due	4,346	9.4%	(408)	3,938
Over 180 days past due	238	10.1%	(24)	214
	<b>138,803</b>		<b>(671)</b>	<b>138,132</b>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management to ensure relevant information about specific debtors is updated.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	3,702	–	3,702
Changes due to trade receivables recognised as at 1 January 2024			
– Impairment losses reversed	(1,346)	–	(1,346)
– Impairment loss recognised	–	957	957
Transfer	(2,125)	2,125	–
New financial assets originated or purchased	585	–	585
Currency realignment	(145)	–	(145)
As at 31 December 2024 and 1 January 2025	<b>671</b>	<b>3,082</b>	<b>3,753</b>
Changes due to trade receivables recognised as at 1 January 2025			
– Impairment losses reversed	<b>(4,766)</b>	–	<b>(4,766)</b>
– Impairment loss recognised	–	<b>3,150</b>	<b>3,150</b>
– Others	<b>1,322</b>	–	<b>1,322</b>
Acquisition of subsidiaries	<b>2,813</b>	–	<b>2,813</b>
New financial assets originated or purchased	<b>1,849</b>	–	<b>1,849</b>
Currency realignment	<b>(204)</b>	–	<b>(204)</b>
As at 31 December 2025	<b>1,685</b>	<b>6,232</b>	<b>7,917</b>

For amounts due from related companies, in order to minimise the credit risk, the management continuously monitors the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In the opinion of the management, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant in accordance with IFRS 9 as at 31 December 2025 and 2024 and thus no impairment loss was recognised.

The management considers the bank balances, short-term fixed deposits, pledged bank deposits and restricted bank deposits that are deposited with the financial institutions with good credit rating to be low credit risk financial assets. The management considers the bank balances, short-term fixed deposits, pledged bank deposits and restricted bank deposits are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, impairment loss was considered as insignificant.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. FINANCIAL INSTRUMENTS (continued)

### Financial risk management objectives and policies (continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigates the effects of fluctuations in cash flows.

The following table details the Group's contractual maturity for its financial liabilities:

	Weighted average interest rate	On demand RMB'000	Less than 1 year RMB'000	1 – 2 years RMB'000	2 – 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
<b>At 31 December 2025</b>								
Non-derivative financial liabilities								
Non-interest bearing	-	2,010,441	9,322,655	-	-	-	11,333,096	11,333,096
Variable interest rate	2.6%	-	321,829	480,431	3,013,885	150,294	3,966,439	3,726,578
Fixed interest rate	3.3%	-	138,687	1,951,669	351,134	-	2,441,490	2,319,740
Unsecured notes	3.3%	-	1,715,410	76,471	229,412	2,077,451	4,098,744	3,641,747
Contingent settlement provision	4.0%	-	277,130	-	-	-	277,130	268,250
		<u>2,010,441</u>	<u>11,775,711</u>	<u>2,508,571</u>	<u>3,594,431</u>	<u>2,227,745</u>	<u>22,116,899</u>	<u>21,289,411</u>
Lease liabilities	3.7%	-	547,027	221,954	363,276	195,325	1,327,582	1,213,473
Derivatives liabilities – gross settlement – outflow		-	2,200	1,303	-	-	3,503	3,503
<b>At 31 December 2024</b>								
Non-derivative financial liabilities								
Non-interest bearing	-	1,132,391	8,123,113	-	-	-	9,255,504	9,255,504
Variable interest rate	3.6%	-	81,224	1,080,067	-	-	1,161,291	1,052,760
Fixed interest rate	3.2%	-	1,721,908	3,127,916	27,470	-	4,877,294	4,647,589
Unsecured notes	3.3%	-	121,636	1,754,360	234,621	2,202,831	4,313,448	3,720,540
Gross obligation liabilities	-	-	574,920	-	-	-	574,920	574,920
Contingent settlement provision	4.0%	-	268,250	-	-	-	268,250	259,370
		<u>1,132,391</u>	<u>10,891,051</u>	<u>5,962,343</u>	<u>262,091</u>	<u>2,202,831</u>	<u>20,450,707</u>	<u>19,510,683</u>
Lease liabilities	4.3%	-	519,942	181,921	331,292	209,256	1,242,411	1,123,018
Contingent consideration payables	-	-	1,260,837	-	-	-	1,260,837	1,260,837
Derivatives liabilities – gross settlement – inflow		-	(2,005,000)	-	-	-	(2,005,000)	(2,005,000)
– outflow		-	2,100,015	22,264	5,806	-	2,128,085	2,128,085
		-	<u>95,015</u>	<u>22,264</u>	<u>5,806</u>	-	<u>123,085</u>	<u>123,085</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Directors of the Company have set up an investment committee, which is headed up by the Chief Innovation Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The investment committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Innovation Officer reports the investment committee's findings to the directors of the Company every quarter to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

### (i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### (i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Equity instruments at FVTOCI – Listed shares	30,802	31,424	Level 1	Quoted bid prices in an active market.	N/A	N/A
Equity instruments at FVTOCI – Unlisted equity investments	86,608	92,601	Level 3	Income approach. The discounted cash flow method was used to capture future economic benefits to be derived from the ownership of these investments.	Discount rate, taking into account of weighted average cost of capital determined using a Capital Asset Pricing Model.  Forecasted future cash flows	The higher the discount rate, the lower the fair value, and vice versa.  The higher the forecast future cash flow, the higher the fair value, and vice versa.
Equity instruments at FVTOCI – Unlisted equity investments	490,226	464,698	Level 3	Market approach. The market approach was used to determine the valuation using trailing-twelve-month ("TTM") Price-to-Sales ("P/S") multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount.  TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value.  The higher the TTM P/S multiples, the higher the fair value.
Equity instruments at FVTOCI – Unlisted equity investments	37,951	9,691	Level 3	Recent transaction prices of underlying investments.	N/A	N/A
Total equity instruments at FVTOCI	645,587	598,414				

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### (i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Financial assets at FVTPL	22,426	31,499	Level 3	Recent transaction prices of underlying investments	N/A	N/A
Financial assets at FVTPL	502,863	366,899	Level 3	Market approach. The market approach was used to determine the valuation based on the recent transaction prices of underlying investments or using TTM P/S multiples of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount.  TTM P/S multiples of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value.  The higher the TTM P/S multiples, the higher the fair value.
Financial assets at FVTPL	125,038	51,264	Level 3	Binomial Option Pricing Model	Volatility	The higher the volatility, the higher the fair value, and vice versa.
Total financial assets at FVTPL	650,327	449,662				
Foreign currency forward contracts	Assets – 6,324 (not under hedge accounting)  Liabilities – – (under hedge accounting)  Liabilities – 3,503 (not under hedge accounting)	Assets – 4,155 (not under hedge accounting)  Liabilities – 71,593 (under hedge accounting)  Liabilities – 49,966 (not under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and contracted exchange rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

# Notes to the Consolidated Financial Statements

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## 40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### (i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to fair value
	2025 RMB'000	2024 RMB'000				
Interest rate swap contracts	-	Liabilities - 1,526 (under hedge accounting)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counterparties and of the Group as appropriate.	N/A	N/A
Contingent consideration payables	-	1,260,837	Level 3	The discounted cash flow method was used to estimate future economic outflow to the sellers.	Discount rate, taking into account incremental borrowing rate.  Forecasted future cash flows.	The higher the discount rate, the lower the fair value, and vice versa.  The higher the forecast future cash flow, the higher the fair value, and vice versa.

### (ii) Reconciliation of level 3 fair value measurements

	Contingent consideration payables RMB'000	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
At 1 January 2024	-	427,528	413,301
Capital return	-	(9,864)	-
Purchase made	-	-	50,965
Acquisition of subsidiaries	(1,236,991)	-	-
Total gain (losses):			
- in other comprehensive income	-	147,458	-
- in profit and loss	(23,846)	-	(21,075)
Currency realignment	-	1,868	6,471
At 31 December 2024	<b>(1,260,837)</b>	<b>566,990</b>	<b>449,662</b>
Purchase made	-	<b>32,839</b>	<b>215,110</b>
Payment	<b>939,942</b>	-	-
Acquisition of subsidiaries	-	<b>7,393</b>	-
Total gain (losses):			
- in other comprehensive income	-	<b>10,824</b>	-
- in profit and loss	<b>319,517</b>	-	<b>(761)</b>
Currency realignment	<b>1,378</b>	<b>(3,261)</b>	<b>(13,684)</b>
At 31 December 2025	-	<b>614,785</b>	<b>650,327</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### (ii) Reconciliation of level 3 fair value measurements (continued)

Of the total gains or losses for the period included in profit or loss, RMB761,000 loss (2024: RMB21,075,000 loss) relates to financial assets at FVTPL at the end of the current reporting period. Fair value loss on financial assets at FVTPL are included in “other gains and losses”.

Included in other comprehensive income is an amount of RMB10,824,000 gain (2024: RMB145,374,000 gain) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of FVTOCI.

### (iii) Fair value of the Group’s financial instruments that are not measured at fair value on recurring basis

Except for listed unsecured notes in which there is fair value based on the quoted bid price in an active market, amounting to RMB3,540,196,000 (2024: RMB3,441,301,000), the management considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

## 41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall capital risk management strategy remains unchanged from prior years.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The management reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with capital. The Group will consider balancing its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

## 42. RETIREMENT BENEFITS SCHEME

The Group mainly participates in the mandatory pension fund and social insurance schemes for its employees in the PRC, Vietnam, Singapore and Hong Kong.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. As at 31 December 2025, there were no forfeited contributions (2024: nil).

The employees of the Group’s PRC and Vietnam subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC and Vietnam governments. The employees of the Group’s Singapore subsidiaries are members of the Central Provident Fund Board in Singapore operated by the Government of Singapore. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

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## 43. RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following significant transactions with related parties, all of which are transacted with entities controlled by close family members of substantial shareholders of the Company. The substantial shareholders are also certain directors of the Company.

Nature of balances/transactions	2025 RMB'000	2024 RMB'000
Purchase of raw materials	145,179	101,644
Services fee recharged	–	301
Property rentals received	–	871
Payment for lease liabilities	16,840	16,139
Interest on lease liabilities	301	836
Loan lending	893	6,069
Interest on loan lending	1,841	1,641
Lease liabilities	34,898	15,198

Emoluments paid to the key management personnel of the Company which represents the executive Directors of the Company and the five highest paid individuals, are set out in note 10.

Balances with related parties are disclosed in note 25.

## 44. PRINCIPAL SUBSIDIARIES

### (a) General information of subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2025 and 2024, are as follows:

Name of subsidiaries	Country of establishment/ operations	Nominal value of issued and fully paid share/ registered capital	Principal activities
<b>Wholly-owned subsidiary in 2025 and 2024</b>			
AAC Acoustic Technologies Inc*	British Virgin Islands	Registered capital – US\$50,000	Investment holding
AAC Technologies Pte. Ltd.#	Singapore	Shares – SGD500,000	Sale of products, research and development
AAC Technologies Vietnam Co., Ltd. (Note a)#	Vietnam	Registered capital – US\$6,500,000	Manufacture and sales of products
香港遠宇電子有限公司 YEC Electronics Limited#	Hong Kong	Ordinary shares – HK\$10,000	Sales of acoustic related products
瑞聲科技(香港)有限公司 AAC Technologies Limited#	Hong Kong	Ordinary shares – HK\$10,000	Sales of acoustic related products, investment, research and development

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 44. PRINCIPAL SUBSIDIARIES (continued)

### (a) General information of subsidiaries (continued)

Name of subsidiaries	Country of establishment/ operations	Nominal value of issued and fully paid share/ registered capital	Principal activities
<b>Wholly-owned subsidiary in 2025 and 2024 (continued)</b>			
瑞聲(中國)投資集團有限公司 AAC (China) Investment Group Co., Ltd. (Note b) <sup>#</sup>	PRC	Registered capital – US\$400,000,000	Investment holding
瑞泰(江蘇)投資有限公司 Ruitai (Jiangsu) Investment Co., Ltd. (Note c) <sup>#</sup>	PRC	Registered capital – US\$349,000,000	Investment holding
瑞聲光電科技(常州)有限公司 AAC Microtech (Changzhou) Co., Ltd. (Note e) <sup>#</sup>	PRC	Registered capital – US\$437,800,000	Manufacture and sales of electronic components, research and development
瑞聲精密制造科技(常州)有限公司 AAC Module Technologies (Changzhou) Co., Ltd. (Note f) <sup>#</sup>	PRC	Registered capital – US\$336,800,000	Manufacture and sales of tooling and precision components, research and development
瑞聲開泰精密科技(常州)有限公司 AAC Kaitai Precision Technologies (Changzhou) Co., Ltd. (Note g) <sup>#</sup>	PRC	Registered capital – US\$150,000,000	Manufacture and sales of electronic components research and development
常州美歐電子有限公司 American Audio Components (Changzhou) Co., Ltd. (Note h) <sup>#</sup>	PRC	Registered capital – US\$23,000,000	Manufacture and sales of precision components and acoustic products, research and development
常州泰瑞美電鍍科技有限公司 Changzhou Tairuimei Electroplating Technology Co., Ltd. (Note i) <sup>#</sup>	PRC	Registered capital – RMB69,000,000	Provision of electroplating service
瑞聲科技(沭陽)有限公司 AAC Technologies (Shuyang) Co., Ltd. (Note j) <sup>#</sup>	PRC	Registered capital – US\$66,000,000 (2024: US\$49,000,000)	Manufacture and sales of precision components for acoustic products, research and development
瑞聲科技信息諮詢(常州)有限公司 AAC Technology Information Consultancy (Changzhou) Co., Ltd. (Note q) <sup>#</sup>	PRC	Registered capital – US\$888,863,597 (2024: US\$789,296,086)	Investment holding
瑞聲精密電子沭陽有限公司 AAC Precision Electronics Shuyang Co., Ltd. (Note k) <sup>#</sup>	PRC	Registered capital – US\$143,980,000	Manufacture and sales of electronics related accessories and components, research and development

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 44. PRINCIPAL SUBSIDIARIES (continued)

### (a) General information of subsidiaries (continued)

Name of subsidiaries	Country of establishment/ operations	Nominal value of issued and fully paid share/ registered capital	Principal activities
<b>Wholly-owned subsidiary in 2025 and 2024 (continued)</b>			
沅陽瑞泰科技有限公司 Shuyang Ruitai Technologies Co., Ltd. (Note l) <sup>#</sup>	PRC	Registered capital – US\$292,000,000	Manufacture and sales of electronic components, research and development
瑞聲開泰(深圳)科技發展有限公司 AAC Kaitai (Shenzhen) Sci-Tech Development Co., Ltd. (Note n) <sup>#</sup>	PRC	Registered capital – RMB275,952,000	Sales of products
瑞聲聲學科技(深圳)有限公司 AAC Acoustic Technologies (Shenzhen) Co., Ltd. (Note o) <sup>#</sup>	PRC	Registered capital – US\$141,580,000	Manufacture and sales of acoustic products, research and development
瑞泰精密(南寧)科技有限公司 AAC Raytech Module (Nanning) Technologies Co., Ltd. (Note p) <sup>#</sup>	PRC	Registered capital – US\$100,000,000	Manufacture and sales of products
瑞聲科技(南寧)有限公司 AAC Technologies (Nanning) Co., Ltd. (Note r) <sup>#</sup>	PRC	Registered capital – US\$30,000,000	Manufacture and sales of acoustic products, research and development
泰瑞美(昆山)精密科技有限公司 TRM (Kunshan) Co., Ltd. (Note s) <sup>#</sup>	PRC	Registered capital – US\$48,000,000	Manufacture and sales of precision components products, research and development
Acoustics Solutions International B.V. <sup>#</sup>	Netherlands	Registered capital – Euro61,500	Investment holding
PSS Holding NV <sup>#</sup>	Belgium	Registered capital – Euro32,458,500	Investment holding
PSS Belgium NV <sup>#</sup>	Belgium	Registered capital – Euro7,770,167	Manufacture and sales of automotive products, research and development
普瑞姆揚聲器系統(深圳)有限公司 Premium Sound Solutions (Shenzhen) Co. Ltd. (Note t) <sup>#</sup>	PRC	Registered capital – Euro500,000	Sales of automotive products, research and development

# Notes to the Consolidated Financial Statements

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## 44. PRINCIPAL SUBSIDIARIES (continued)

### (a) General information of subsidiaries (continued)

Name of subsidiaries	Country of establishment/ operations	Nominal value of issued and fully paid share/ registered capital	Principal activities
<b>Non-wholly owned subsidiary in 2025 and 2024</b>			
辰瑞光學(常州)股份有限公司 AAC Optics (Notes d & v)	PRC	Registered capital – RMB6,768,896,000	Manufacture and sales of optics products, research and development
深圳市瑞成光學有限公司 Shenzhen Ruicheng Optics Co., Ltd. (Notes m & v)	PRC	Registered capital – RMB20,000,000	Sales of optics products
常州市瑞泰光電有限公司 Changzhou AAC Raytech Optronics Co., Ltd. (Notes u & v)	PRC	Registered capital – RMB3,202,390,000	Manufacture and sales of optics products, research and development
<b>Non-wholly owned subsidiary in 2025</b>			
河北初光汽車部件有限公司 Hebei First Light Auto Parts Co., Ltd. (Note w)	PRC	Registered capital – RMB31,776,514	Manufacture and sales of auto parts, research and development
先鋒高科技(上海)有限公司 Xianfeng Technology (Shanghai) Co., Ltd. (Note x)	PRC	Registered capital – RMB71,745,000	Manufacture and sales of automotive products, research and development

#### Notes:

- (a) Wholly-owned foreign enterprise commencing from 20 September 2013 to 19 December 2052.
- (b) Wholly-owned foreign enterprise for a term of 30 years commencing from 13 November 2012.
- (c) Wholly-owned foreign enterprise for a term of 30 years commencing from 20 September 2016.
- (d) Non-wholly owned PRC enterprise commencing from 31 December 2008.
- (e) Wholly-owned foreign enterprise for a term of 50 years commencing from 13 April 2006.
- (f) Wholly-owned foreign enterprise for a term of 20 years commencing from 8 May 2007.

# Notes to the Consolidated Financial Statements

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## 44. PRINCIPAL SUBSIDIARIES (continued)

### (a) General information of subsidiaries (continued)

Notes: (continued)

- (g) Wholly-owned foreign enterprise for a term of 20 years commencing from 29 July 2013.
- (h) Wholly-owned foreign enterprise for a term of 30 years commencing from 28 January 2000.
- (i) Wholly-owned foreign enterprise commencing from 11 April 2005.
- (j) Wholly-owned foreign enterprise for a term of 20 years commencing from 8 November 2006.
- (k) Wholly-owned foreign enterprise for a term of 20 years commencing from 13 June 2010.
- (l) Wholly-owned foreign enterprise for a term of 20 years commencing from 24 September 2015.
- (m) Non-wholly owned PRC enterprise commencing from 13 April 2020.
- (n) Wholly-owned PRC enterprise commencing from 29 August 2013.
- (o) Wholly-owned foreign enterprise commencing from 12 January 2004.
- (p) Wholly-owned foreign enterprise for a term of 20 years commencing from 29 November 2017.
- (q) Wholly-owned foreign enterprise for a term of 20 years commencing from 10 October 2019.
- (r) Wholly-owned foreign enterprise for a term of 20 years commencing from 9 January 2020.
- (s) Wholly-owned foreign enterprise for a term of 50 years commencing from 9 December 2004.
- (t) Wholly-owned foreign enterprise for a term of 30 years commencing from 27 December 2006.
- (u) Non-wholly owned PRC enterprise commencing from 3 December 2019.
- (v) The subsidiaries are non-wholly owned enterprise from July 2020. During the year ended 31 December 2020, the Group's interests had been diluted from 100% to 82.02%. During the year ended 31 December 2021, the Group's interest is further diluted to 80.38% upon the issue of new share under the Subsidiary Scheme. During the year ended 31 December 2022, the Group's interest is increased to 81.10% upon the share repurchased. During the year ended 31 December 2023, the Group's interest is increased to 88.26% upon the share repurchased. During the year ended 31 December 2024, the Group's interest is increased to 89.67% upon the share repurchased. During the year ended 31 December 2025, the Group's interest is increased to 92.36% upon the share repurchased as detailed in note 31.
- (w) Non-wholly owned PRC enterprise commencing from 20 December 2016. During the year ended 31 December 2025, the Group's interest is 53.74%.
- (x) Non-wholly owned PRC enterprise for a term of 50 years commencing from 21 December 2000. During the year ended 31 December 2025, the Group's interest is 51%.

\* Directly wholly-owned subsidiary

# Indirectly wholly-owned subsidiary

The above table lists the subsidiaries of the Company which, in the opinion of the management, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the management, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years.

### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Country of Establishment/ operations	Proportion of ownership interests and voting rights held by the Group		Profit (loss) attributable to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
AAC Optics	PRC	92.36%	89.67%*	5,186	(33,669)	212,955	362,407
Hebei First Light	PRC	53.74%	-	12,588	-	130,808	-
PSG	PRC	51.00%	-	10,034	-	173,467	-

\* The change in ownership interest in AAC Optics are disclosed in note 31.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Unsecured notes RMB'000	Bank loans RMB'000	Payable related to Restricted Shares granted to employees RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Interest payable RMB'000	Contingent settlement provision RMB'000	Contingent consideration payables RMB'000	Gross obligation liabilities RMB'000	Total RMB'000
At 1 January 2024	5,619,695	3,189,885	61,981	770,195	2	19,280	250,490	-	-	9,911,528
Repayment of unsecured notes	(1,989,879)	-	-	-	-	-	-	-	-	(1,989,879)
Bank loans raised	-	5,550,959	-	-	-	-	-	-	-	5,550,959
Repayments of bank loans	-	(3,585,534)	-	-	-	-	-	-	-	(3,585,534)
Net payments for the Subsidiary Scheme	-	-	(4,782)	-	-	-	-	-	-	(4,782)
Payment to derivative financial instrument	-	-	-	-	-	(16,679)	-	-	-	(16,679)
Dividend declared	-	-	-	-	108,932	-	-	-	-	108,932
Dividend paid	-	-	-	-	(103,584)	-	-	-	-	(103,584)
Finance costs	6,611	3,129	-	33,839	-	364,701	8,880	-	-	417,160
Interest paid	-	-	-	(27,525)	-	(343,366)	-	-	-	(370,891)
Addition of lease liabilities	-	-	-	146,157	-	-	-	-	-	146,157
Termination of leases	-	-	-	(9,915)	-	-	-	-	-	(9,915)
Repayment of lease liabilities	-	-	-	(114,368)	-	-	-	-	-	(114,368)
Foreign exchange translation	84,113	(11,547)	1,169	(4,092)	-	-	-	-	-	69,643
Gross obligation liabilities for share buy-back program (note 34)	-	-	-	-	-	-	-	-	718,405	718,405
Advance payment to the Broker for the share repurchase (note 34)	-	-	-	-	-	-	-	-	(143,485)	(143,485)
Acquisition of subsidiaries (note 35)	-	464,181	-	328,727	-	-	-	1,236,991	-	2,029,899
Change in fair value of contingent consideration payables	-	-	-	-	-	-	-	23,846	-	23,846
<b>At 31 December 2024</b>	<b>3,720,540</b>	<b>5,611,073</b>	<b>58,368</b>	<b>1,123,018</b>	<b>5,350</b>	<b>23,936</b>	<b>259,370</b>	<b>1,260,837</b>	<b>574,920</b>	<b>12,637,412</b>
Bank loans raised	-	4,985,496	-	-	-	-	-	-	-	4,985,496
Repayments of bank loans	-	(4,709,746)	-	-	-	-	-	-	-	(4,709,746)
Net payments for the Subsidiary Scheme	-	-	(729)	-	-	-	-	-	-	(729)
Dividend declared	-	-	-	-	258,410	-	-	-	-	258,410
Dividend paid	-	-	-	-	(263,755)	-	-	-	-	(263,755)
Finance costs	4,053	2,993	-	36,562	-	342,668	8,880	-	-	395,156
Interest paid	-	-	-	(36,562)	-	(345,829)	-	-	-	(382,391)
Addition of lease liabilities	-	-	-	322,233	-	-	-	-	-	322,233
Termination of leases	-	-	-	(55,871)	-	-	-	-	-	(55,871)
Repayment of lease liabilities	-	-	-	(217,199)	-	-	-	-	-	(217,199)
Foreign exchange translation	(82,846)	42,595	190	21,966	-	-	-	(1,378)	610	(18,863)
Advance payment to the Broker for the share repurchase (note 34)	-	-	-	-	-	-	-	-	(575,530)	(575,530)
Acquisition of subsidiaries (note 35)	-	42,680	-	19,326	-	-	-	-	-	62,006
Repayment of contingent consideration payables	-	-	-	-	-	-	-	(939,942)	-	(939,942)
Change in fair value of contingent consideration payables	-	-	-	-	-	-	-	(319,517)	-	(319,517)
<b>At 31 December 2025</b>	<b>3,641,747</b>	<b>5,975,091</b>	<b>57,829</b>	<b>1,213,473</b>	<b>5</b>	<b>20,775</b>	<b>268,250</b>	<b>-</b>	<b>-</b>	<b>11,177,170</b>

Interest payable and dividend payable are included in other payables and accruals in note 27.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Interests in subsidiaries		<b>1,301,845</b>	1,289,920
Current assets			
Other receivables		<b>18,774</b>	40,424
Amounts due from subsidiaries		<b>5,044,626</b>	4,969,536
Cash and cash equivalents		<b>11,393</b>	13,775
		<b>5,074,793</b>	5,023,735
Current liabilities			
Other payables		<b>12,539</b>	18,880
Amounts due to subsidiaries		<b>2,476,214</b>	1,426,996
Gross obligation liabilities		–	574,920
Unsecured notes	30	<b>1,617,075</b>	–
		<b>4,105,828</b>	2,020,796
Net current assets		<b>968,965</b>	3,002,939
Total assets less current liabilities		<b>2,270,810</b>	4,292,859
Non-current liabilities			
Unsecured notes	30	<b>2,024,672</b>	3,720,540
		<b>2,024,672</b>	3,720,540
Net assets		<b>246,138</b>	572,319
Capital and reserves			
Share capital	34	<b>97,321</b>	97,321
Reserves		<b>148,817</b>	474,998
		<b>246,138</b>	572,319

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

### Movement of reserves

	Treasury shares RMB'000	Special reserve RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2024	(481,419)	33,428	60,716	1,798,169	–	1,410,894
Loss and total comprehensive expense for the year	–	–	–	(66,284)	–	(66,284)
Shares vested under share award scheme	70,794	–	(38,558)	(32,236)	–	–
Recognition of equity-settled share-based payments	–	–	17,391	–	–	17,391
Gross obligation liabilities for share buy-back program (note 34)	–	–	–	–	(718,405)	(718,405)
Purchase of shares (notes 34 and 36)	(133,159)	–	–	–	73,493	(59,666)
Dividend declared	–	–	–	(108,932)	–	(108,932)
At 31 December 2024	<b>(543,784)</b>	<b>33,428</b>	<b>39,549</b>	<b>1,590,717</b>	<b>(644,912)</b>	<b>474,998</b>
Loss and total comprehensive expense for the year	–	–	–	262,510	–	262,510
Shares vested under share award scheme	68,705	–	(37,420)	(31,285)	–	–
Recognition of equity-settled share-based payments	–	–	49,345	–	–	49,345
Purchase of shares (notes 34 and 36)	(1,024,538)	–	–	–	644,912	(379,626)
Dividend declared	–	–	–	(258,410)	–	(258,410)
At 31 December 2025	<b>(1,499,617)</b>	<b>33,428</b>	<b>51,474</b>	<b>1,563,532</b>	<b>–</b>	<b>148,817</b>

## 47. EVENT AFTER THE REPORTING PERIOD

On 3 September 2025, the Group entered into a sale and purchase agreement pursuant to which the Group would acquire the issued shares in Dispelix Oy (the "Dispelix") from its existing equity holders that result in obtaining the effective control over the Dispelix upon completion of acquisition, at a consideration of Euro66,000,000 (equivalent to approximately RMB543,543,000), subject to certain adjustments to be determined, as set out in the sale and purchase agreement. Management anticipates the acquisition will be completed in the first half of 2026.

The acquisition strengthens the long-established strategic partnership between Dispelix and the Group, with the aim of boosting global commercialisation and innovation in AR technology. By integrating the Group's strong manufacturing capabilities with Dispelix's expertise in waveguide design, both parties will continue to make breakthroughs in AR innovation and create unique value for customers. Management believe the acquisition will enhance the Group's competitive position and contribute to long-term growth. The financial impact of the acquisition would depend on the future performance and actual financial position of Dispelix as of the date of completion. Hence, the estimate of the financial impact could not be made as of the date of approval of these consolidated financial statements.

# 5-Year Financial Summary

RESULTS	Year ended 31 December				2025
	2021	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	17,666,967	20,625,092	20,419,072	27,328,304	<b>31,816,988</b>
Reported profit before taxation	1,412,876	860,679	822,861	1,990,496	<b>2,886,758</b>
Taxation	(119,767)	(231,496)	(252,254)	(226,935)	<b>(347,459)</b>
Reported profit	1,293,109	629,183	570,607	1,763,561	<b>2,539,299</b>
Attributable to:					
Owners of the Company					
– reported	1,316,279	821,305	740,370	1,797,230	<b>2,511,978</b>
Non-controlling interests	(23,170)	(192,122)	(169,763)	(33,669)	<b>27,321</b>
	1,293,109	629,183	570,607	1,763,561	<b>2,539,299</b>
Reported Basic EPS	RMB1.09	RMB0.69	RMB0.63	RMB1.53	<b>RMB2.18</b>
Full year dividend	HK\$0.20	HK\$0.12	HK\$0.10	HK\$0.24	<b>HK\$0.35</b>
ASSETS AND LIABILITIES	As at 31 December				2025
	2021	2022	2023	2024	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	42,022,068	40,343,258	38,910,783	46,699,930	<b>48,978,494</b>
Total liabilities	(19,520,068)	(18,147,643)	(16,539,514)	(23,583,051)	<b>(24,035,127)</b>
Net assets	22,502,000	22,195,615	22,371,269	23,116,879	<b>24,943,367</b>
Attributable to:					
Owners of the Company	21,810,666	21,656,245	21,881,452	22,754,472	<b>24,356,832</b>
Non-controlling interests	691,334	539,370	489,817	362,407	<b>586,535</b>
	22,502,000	22,195,615	22,371,269	23,116,879	<b>24,943,367</b>

# Investor Information

## STOCK CODES

HKEX: 2018

Bloomberg: 2018:HK

Reuters: 2018.HK

ISIN: KYG2953R1149

2026 Notes: 40699

2031 Notes: 40700

## MAJOR MARKET INDEXES

- I. Constituent stock of the Hang Seng's sub-indexes:
  - SCHK Electronics Theme Index
  - Semiconductors Industry Theme Index
  - Stock Connect China Dividend Yield Comprehensive Index
  - Stock Connect China Low Volatility Comprehensive Index
  - Stock Connect Greater Bay Area Innovation Top 50 Index
  - Stock Connect China Low Size Comprehensive Index
  - Stock Connect China Value Comprehensive Index
  - Stock Connect China Quality Comprehensive Index
  - Stock Connect China Momentum Comprehensive Index
  - Stock Connect China 500 Index
  - SCHK Free Cash Flow Index
  - CNI GBA Digital Economy Index
  - SCHK Technology Index
  - Shanghai-Shenzhen-Hong Kong Autonomous and Electric Vehicles Index
- II. Constituent stock of the Hang Seng Corporate Sustainability Index and included in other sub-indexes:
  - Corporate Sustainability Index (Mainland and HK)
  - Hang Seng Climate Change 1.5°C Target Index
  - ESG 50 Index
- III. Constituent stock of the FTSE4Good Index
- IV. MSCI China Index
  - CHINA ESG BROAD CTB SELECT
  - MSCI China ESG Leaders Index

## MARKET CAPITALIZATION AND SHARE PRICE PERFORMANCE

As at 31 December 2025, the market capitalization of listed shares of the Company was approximately HK\$45.56 billion or US\$5.85 billion based on the total number of 1,168,250,500 issued shares of the Company (excluding Treasury Shares) and the closing price of HK\$39.00 per share.

The daily average number of traded shares was approximately 7.36 million shares over an approximate free float of 700.64 million shares in 2025. The average closing price was HK\$41.45 per share, an increase of 49.21% when compared with the average of 2024. The highest closing price was HK\$53.85 per share on 19 March 2025 and the lowest was HK\$32.60 per share on 16 April 2025.

Based on the publicly available information and as far as the Directors are aware, the Company has maintained a public float of more than 25% of the Company's issued shares throughout the financial period ended 31 December 2025 and has continued to maintain the public float as at the date of this annual report.

# Investor Information

## KEY DATES FOR SHAREHOLDERS

18-21 May 2026	Book Closure Period for AGM
21 May 2026	2026 AGM
28 May – 1 June 2026	Book Closure Period for Final Dividend
18 June 2026	Payment of Final Dividend
August 2026	2026 Interim Results Announcement
March 2027	2026 Final Results Announcement

Any changes to these dates in 2026 will be published on the websites of the Hong Kong Stock Exchange and the Company.

## FINANCIAL AND SUSTAINABILITY REPORTS

The Company's financial reports are published in both English and Chinese languages and are available on the Company's website at [www.aactechnologies.com](http://www.aactechnologies.com) and on the designated website of Hong Kong Exchange and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). If Shareholders have any difficulty in receiving or gaining access to the financial reports posted on the Company's website for any reason or wish to receive the financial reports in printed form, please write to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email to [aac.ecom@computershare.com.hk](mailto:aac.ecom@computershare.com.hk). The Company will promptly upon request send the printed version of the financial reports free of charge.

The Company's sustainability reports are published online in both English and Chinese languages and are available on the websites of the Company and Hong Kong Exchange and Clearing Limited, as above.

## CONTACT INVESTOR RELATIONS

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Tel: +852 3470 0060

Official IR WeChat Group:



# Definition and Glossary

Abbreviations	Meanings
<b>General</b>	
2016 Scheme Trustee/2016 Trustee	Bank of Communications Trustee Limited, an independent trustee appointed by the Company for managing the 2016 Share Award Scheme
2016 Share Award Scheme/2016 Scheme	The Employee's Share Award Scheme adopted by the Board on 23 March 2016 and amended with effect from 28 April 2025
2023 Scheme Trustee/2023 Trustee	BOCI Trustee (Hong Kong) Limited, an independent trustee appointed by the Company for managing the 2023 Share Award Scheme
2023 Share Award Scheme/2023 Scheme	The Employee's Share Award Scheme adopted by the Board on 17 April 2023 and amended with effect from 22 May 2025
2026 Notes	US\$300,000,000 2.625 per cent. notes due 2026 (stock code: 40699) issued by the Company to professional investors in 2021
2031 Notes	US\$350,000,000 3.750 per cent. notes due 2031 (stock code: 40700) issued by the Company to professional investors in 2021
2H 2025	The second half of 2025
AAC/AAC Technologies/the Company	AAC Technologies Holdings Inc.
AAC Belgium	AAC Technologies (Belgium) BV
AAC Investment	AAC (China) Investment Group Co., Ltd.
AAC Optics	AAC Optics (Changzhou) Co., Ltd. (辰瑞光學(常州)股份有限公司)
AAC Optics Group	AAC Optics and its subsidiaries
ACM	Association for Computing Machinery
AGM	Annual General Meeting
America/US	The United States of America
Articles	The articles of association of the Company
Board	The Board of directors of the Company
Board Committees	Committees of the Board
Broker	Independent broker
CAPEX	Capital expenditure
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CG Code	Corporate Governance Code
China/PRC	The People's Republic of China
Code Provision(s)	Code Provisions of the CG Code
Computershare	Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSRD	Corporate Sustainability Reporting Directive
Deloitte	Messrs. Deloitte Touche Tohmatsu
Director(s)	The director(s) of the Company
Dispelix	Dispelix Oy
EBITDA	Profit (Earnings) before interest, tax, depreciation and amortization
ECL	Expected credit losses
ED(s)	Executive Director(s)
EGM	Extraordinary General Meeting
EIT Law	Law of the PRC on Enterprise Income Tax
EPS	Earnings per share
ERA	Enterprise Risk Assessment
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EVP	Executive Vice President
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit or loss
FY 2024	Fiscal year of 2024
FY 2025	Fiscal year of 2025
GBP	Great Britain pound, the lawful currency of Britain
GHG	Greenhouse gas
Hebei First Light	Hebei First Light Auto Parts Co., Ltd.
HKD/HK\$	Hong Kong dollars, the lawful currency of Hong Kong
HKEX/Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HKICPA	Hong Kong Institute of Certified Public Accountants
HKSAs	Hong Kong Standards on Auditing
HoH	Half-year-on-half-year
Hong Kong	Hong Kong Special Administrative Region
Hong Kong Companies Ordinance/CO	The Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

# Definition and Glossary

Abbreviations	Meanings
Hong Kong Listing Rules/Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IECQ	International Electrotechnical Commission Quality Assessment System for Electronic Components
IEEE	Institute of Electric and Electronic Engineers
IFRS(s)	International Financial Reporting Standards
INED(s)	Independent non-executive Director(s)
IR	Investor Relations
ISO 27001	The International Standard that sets out the specification for an information security management system (ISMS)
IT	Information Technology
MD	Managing Director
Memorandum	Memorandum of Association of the Company
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
MSCI	Morgan Stanley Capital International
NED	Non-executive Director
Ordinary Shares	Ordinary shares in the capital of the Company
P/S	Price-to-Sales
ppts	Percentage points
PSG	Xianfeng Technology (Shanghai) Co., Ltd.
PSG Group	Xianfeng Technology (Shanghai) Co., Ltd. and its subsidiaries
PSS	Premium Sound Solutions
PSS Group	Acoustics Solutions International B.V. and its subsidiaries
R&D	Research & Development
RMB	Renminbi, the lawful currency of PRC
ROA	Return on average total assets
ROE	Return on average equity
SC	Sustainability Committee
SCHK	Hong Kong Stock Connect Scheme
Sellers	Acoustics Solutions Holding B.V. and Stichting Administratiekantoor Acoustics Solutions International
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
SGD	Singapore dollars, the lawful currency of the Republic of Singapore
Shareholders	The shareholders of the Company
Shares	the ordinary share(s) of US\$0.01 each in the share capital of the Company
SWG	Sustainability Working Group
Target	Acoustics Solutions International B.V.
Target Group	Acoustics Solutions International B.V. and its subsidiaries
The Code	HKICPA's Code of Ethics for Professional Accountants
The Group	AAC Technologies Holdings Inc. and its subsidiaries
TTM	Trailing-twelve-month
USD/US\$	US Dollars, the lawful currency of United States
YoY	Year-on-year
<b>Industry</b>	
AI	Artificial Intelligence
AR	Augmented Reality
COBIT	Control Objectives for Information and related Technology
EV	Electric vehicle
HNTE	High-New Technology Enterprises
LDS	Laser Direct Structuring
MEMS	Micro Electro-Mechanical Systems
OIS	Optical Image Stabilizer
RF	Radio Frequency
SLS	Super Linear Structure
SNR	Signal-to-noise ratio
SSE	Sensor and Semiconductor
VC	Vapor chamber
VR	Virtual Reality
WLG	Wafer-level glass
XR	Extended Reality



瑞聲科技控股有限公司  
AAC Technologies Holdings Inc.